

Regional ECONOMIC *for* Southern California Forecast 2002-2003

CONTENTS

A Message from the President, Southern California Association of Governments <i>Hon. Jon D. Mikels, Supervisor, County of San Bernardino</i>	2
A Message from the Universities <i>Dr. Milton A. Gordon, President, California State University, Fullerton</i> <i>Dr. Robert Maxson, President, California State University, Long Beach</i>	3
Outlook for the U.S. and California Economies <i>Dr. Howard Roth, Principal Economist, Department of Finance, State of California</i>	4
The CSULB Economic Forecast for the Southern California Region <i>Dr. Lisa M. Grobar, Director, CSULB Economic Forecast Project and Professor of Economics, California State University, Long Beach</i>	8
The CSUF Economic Forecast for the Southern California Region <i>Dr. Anil K. Puri, Dean, College of Business and Economics and Co-Director, Institute for Economic and Environmental Studies, California State University, Fullerton</i>	16
CSULB County Forecast Tables	24
CSUF County Forecast Tables	34

The 2002-2003 Regional Economic Forecast Conference is presented
with the generous financial support of our sponsors:



South Coast Air Quality Management District

This conference is organized and produced by the Economic Policy Section, Planning and Policy Department, Southern California Association of Governments
Dr. Bruce F. DeVine, Chief Economist • Dr. Frank H. Wen, Senior Economist

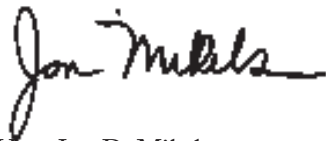
*A Message
From the
President*

We have all been touched in some way by the tragic events of September 11, 2001, and the ongoing response to the atrocities committed that day has created tremendous uncertainties for our entire nation. In addition to the indelible mark those events have left on our nation's psyche, we are now forced to grapple with a wide array of challenges to our national economy. Given the vital role that trade and commerce play in our region's economy, Southern California, in particular, now faces numerous short- and long-term decisions in an effort to overcome the economic consequences of that fateful day.

As we begin to address our collective economic challenges I welcome your participation in the Southern California Association of Governments' fifth annual Regional Economic Forecast Conference. The Association believes that regions are the defining geography for economic progress and development. Strategies aimed at promoting a healthy regional economy are necessary for the successful implementation of government policies in other areas such as transportation, air quality and housing.

The economic forecasts presented at this conference are unique in that they are the only predictions in Southern California devoted exclusively to the 2002-2003 economic outlook for the region as a whole. As such, they fill a gap between predictions of economic conditions in a single county and forecasts that focus on the outlook for California or the nation. In addition, the Conference brings together academic institutions from throughout the region as well as business leaders from key regional industry "clusters."

In today's uncertain times, global competitiveness will only be achieved and maintained through regional collaboration, both among industry clusters and between policy makers, the business community, academia and the Southern California community at large. Bringing together the resources for this Regional Economic Forecast Conference is part of SCAG's contribution to that collaboration, in partnership with California State University, Long Beach and California State University, Fullerton. We sincerely hope that the forecasts presented here will assist you in your strategic planning in the coming months and years.



Hon. Jon D. Mikels
*Supervisor, County of San Bernardino
President, Southern California Association of Governments*

California boasts the world's sixth largest economy and its southern half is a hub of American innovation, research and economic activity. Propelled by industries as diverse as high tech manufacturing, aerospace, tourism, entertainment and international trade, the state is poised to steadily upgrade its status as an economic powerhouse of the 21st century.

A Message From the Universities

The Southern California Association of Governments (SCAG) works to ensure that the region plans accordingly to sustain this vibrant economy and to meet the future needs of its growing population. In conjunction with SCAG, research teams at Southern California universities assemble the data needed to formulate sound public policy for this region of over 17 million people living in an area of more than 38,000 square miles.

The entrepreneurial spirit that thrives in Southern California has made it a region known both nationally and internationally as a birthplace of novel ideas. As academic institutions in partnership with the Southern California Association of Governments, we are honored to be a part of this ambitious effort to provide for our collective future.



Dr. Milton A. Gordon
President, California State University, Fullerton



Dr. Robert Maxson
President, California State University, Long Beach

*Howard
L. Roth,
Ph. D.
Principal
Economist,
Department of
Finance, State
of California*

Outlook for the National and California Economies

The Nation

What a difference a year can make. This time last year, the Federal Reserve seemed to have the economy on a glide path to the long-awaited soft landing. Economic growth had slowed and

inflation was well contained. To be

sure the Fed's higher interest

rates had depressed equity

prices. But tech stocks

had taken most of the

hits, and they were

thought to be

greatly overvalued.

Generally, the outlook

looked good. In a few

months the long expan-

sion would set a new

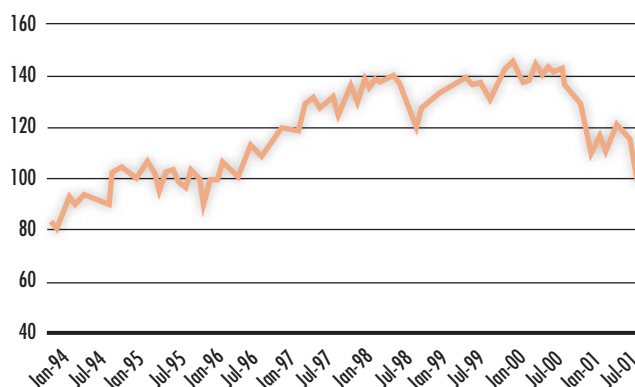
longevity record, and analysts

were confident that the economy

would go on to build on that record

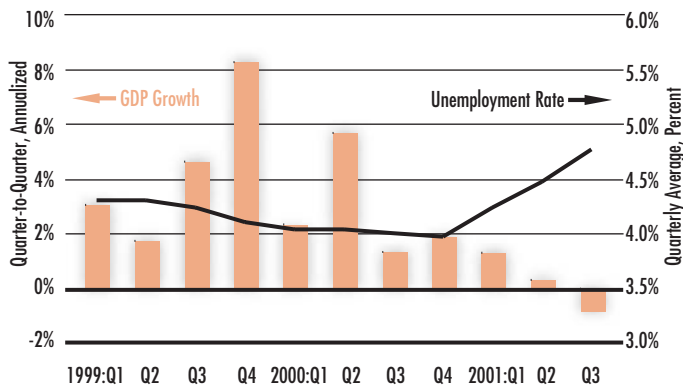
in 2001.

Chart 1
Consumer Confidence Slides
Conference Board, 1985=100



Downward revisions to third-quarter GDP growth and disappointing monthly economic reports soon raised doubts. A sharp decline in capital investment was weighing heavily on the economy. Businesses had bought so much new equipment in preparing for Y2K that they had little need for more. As tech company profits plunged, the stock market slide steepened and broadened. Consumer confidence remained lofty for a while before beginning to slide. (See Chart 1.) By the second quarter of 2001, the national economy was barely growing and unemployment had picked up. (See Chart 2.) Major economies around the world were slowing.

Chart 2
U.S. Slips into Recession
GDP and Unemployment



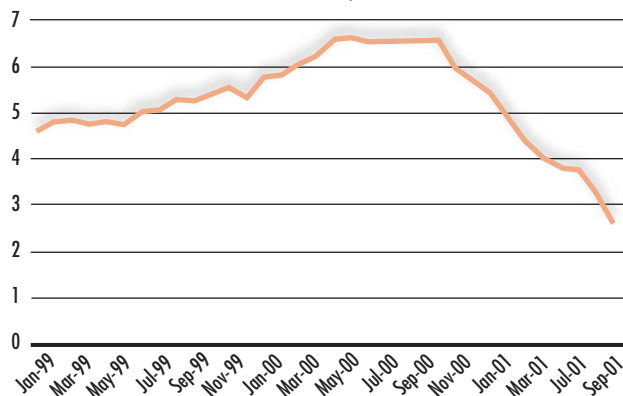
When pressed today, most economists will tell you that they believe the national economy slipped into recession around mid-year and that this recession will be relatively mild, ending sometime in the first half of next year. But this outlook will be prefaced with either the qualification, “barring further terrorist attacks,” or with a caveat about a high level of uncertainty surrounding the outlook. Few feel confident today about predicting the future course of the economy.

Assessing the outlook by looking at sectors of demand is sobering. Consumers are not going to spend much as long as they remain safely ensconced in their family rooms watching CNN. Their confidence in the economy was waning even before the shocking September 11 attacks. Business investment does not look poised to bounce back until profits improve. Demand for U.S. exports is drying up around the world as much of the world now faces a recession. Government spending is a bright spot, as the federal government increases spending and cuts taxes further to boost the flagging economy. And slowing inventory liquidation will likely make a small positive contribution.

The Federal Reserve eased policy on seven occasions this year before the September 11 attacks. In the weeks following the attacks they eased two more times. As a result, their federal funds rate target is now 2.5 percent, down from 6.5 percent on Jan. 1, 2001. (See Chart 3.) Clearly, considerable monetary and fiscal stimulus is in the system. Because of this and also because there appear to be few imbalances in the national economy, we agree with the general consensus that the recession will be relatively mild, ending around mid-year in 2002.

But the risks to the forecast are great. Further terrorist attacks or a perceived lack of success in the military operations in Afghanistan could extend and deepen the recession. In addition, tensions have mounted between the Israelis and the Palestinians. A war there would threaten oil supplies and not bode well for the U.S. economy.

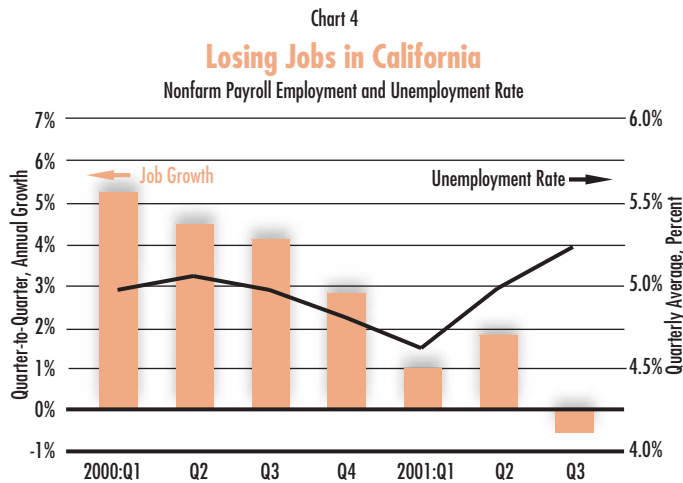
Chart 3
Fed Easing
Federal Funds Rate, Percent



The California Economy

California's economy has held up better than most other states' under eroding consumer confidence, declining capital spending, and weakening overseas economies. The state contributed the lion's share of the new jobs created in the nation in the last year and a half.

Nevertheless, state job growth slowed steadily over the period, and in the third quarter employment fell outright. (See Chart 4.). In addition, exports of California-produced goods fell in the second quarter from year-ago levels after growing strongly in 2000.

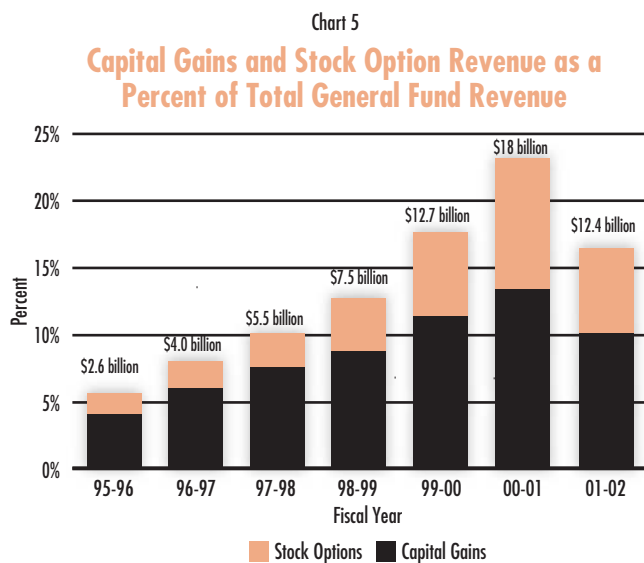


The September 11 terrorist attacks shook California tourism, depressing air travel, lodging, and retailing, reducing the number of conventioners and foreign visitors, and resulting in layoffs of thousands of workers by affected businesses. Because employment surveys are taken early in the month, these job losses will not begin to appear in the state employment statistics until the report for October.

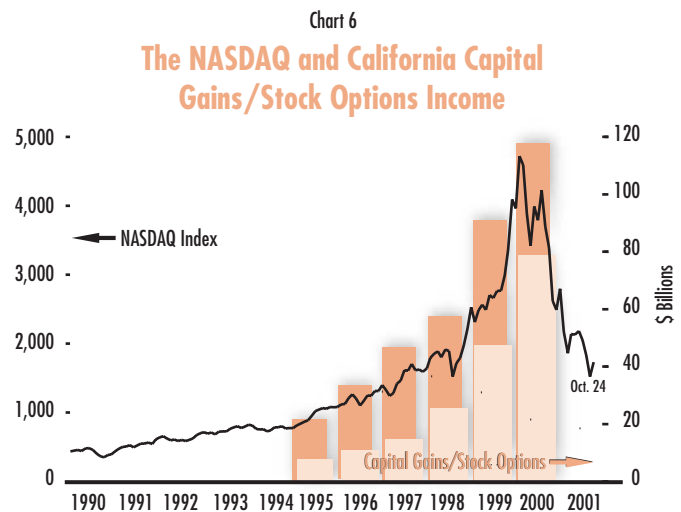
While in-state tourism, business travel, and lodging are beginning to recover, anxiety over the current anthrax scare and the possibility of future terrorist attacks clouds the outlook for the state economy. Restoration of confidence and a return to more normal patterns of economic activity will take time, across the nation as well as in California.

Despite heightened uncertainty, California's economy is not at risk of a prolonged, deep recession like the one in the first half of the 1990s. The state's high-tech sector is struggling, but there are few other imbalances in the economy. Commercial real estate is not overbuilt; residential real estate clearly is not. Banks and other financial institutions are in relatively good shape. No major state industry appears at risk of shrinking considerably because of an outside event. In fact, the state's high-tech and aerospace sectors are likely to benefit from increased spending on defense, surveillance equipment, and domestic security. Similarly, the state's biotech sector should gain from increased spending on research into cures, treatments, and screening techniques for diseases spread by bioterrorists.

The state's budget is at risk, however. Exercised stock options and realized capital gains on equities accounted for 23 percent, or \$18 billion, of state general fund revenues in fiscal year 2000-2001. Even before September 11, revenues from that source were expected to decline to \$12.4 billion in the current fiscal year. (See Chart 5.) That now looks optimistic. Indeed, revenues through the first three months of the current fiscal year—little affected by September 11—were running \$1 billion below forecast.



The likely employment and direct income effects of the slowing state economy will have only a modest effect on state finances. But the continued weakness in stock prices poses a major threat to the California Budget. (See Chart 6.)



The State's ability to use tax and spending policies to stimulate the economy is extremely limited. The State Constitution and the realities of the municipal bond market require California to run a balanced budget. Thus, faced with a potential revenue shortfall, the state government must reduce its overall spending and resist measures that would result in further short-term erosion of tax revenues.

Lisa M. Grobar,
Ph.D.

*Director,
Economic
Forecast Project
and Professor of
Economics,
California State
University,
Long Beach*

Joseph P. Magaddino,
Ph.D.

*Chair,
Economics
Department
and Professor
of Economics,
California State
University,
Long Beach*

The Nation

In November 2000, the consensus forecast called for the U.S. economy to significantly slow after posting four consecutive years of GDP growth above the 4 percent mark. Simply put, growth at this level was not sustainable. Indeed, the Federal Reserve began to raise the federal funds rate in June 1999 and steadily increased this important interest rate to 6.5 % by May 2000. The Fed hoped to repeat the experience of 1994 and engineer the same kind of soft-landing as in 1995. By mid 2000, the economy began a significant slowdown, with third quarter growth of 1.2% sharply down from the 5.3% posted in the previous quarter. The impetus of the slowing was in the purchase of durable plant and equipment. After years of significant business investment, we found ourselves with excess industrial capacity; over-investment in information technology equipment, communication equipment and software as well as the prospect of a slowing in corporate earnings growth. As this year began, the stock market continued its broad based retreat, led by the deteriorating position in the tech sector. Despite a deteriorating wealth position, consumer expenditure continued to keep the economy afloat. With a sharply slowing economy, the Fed aggressively made a mid-course correction, reducing the federal funds rate by 250 basis points in five consecutive reductions of 50 basis points each, between January and May. By the end of August 2001, the federal funds target rate was 3.5%, reduced from an earlier high of 6.5%. It appeared that this swift action and the continued confidence of the consumer would be sufficient to ride out the storm and avoid a recession, just barely. This changed after September 11, 2001.

Figure 1

GDP Growth & Federal Funds Rate

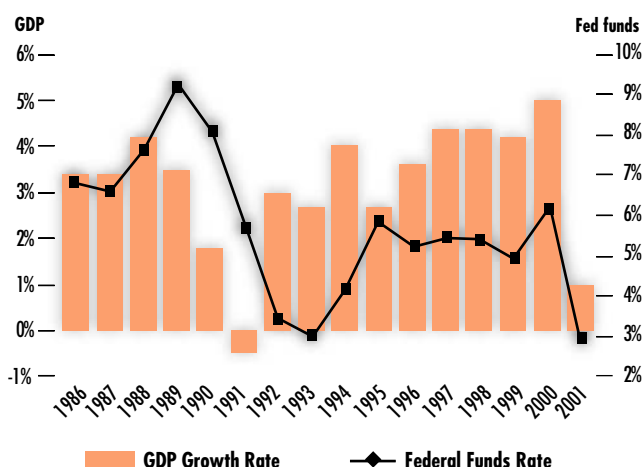
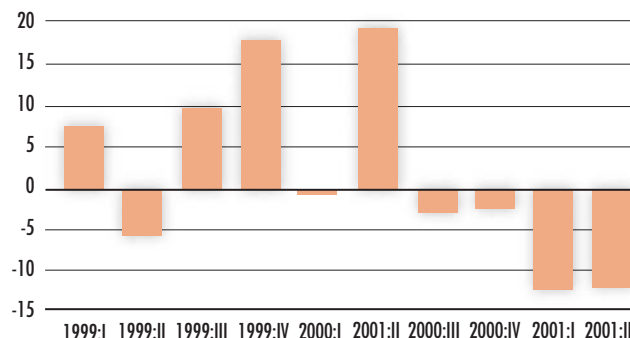


Figure 2

Real Gross Private Domestic Investment

Percent change from preceding quarter



The terrorist acts of September 11 were enough to push a teetering economy on the brink of recession into recession. It is still too early to appreciate the magnitude of the shock on the American people and all of its after effects. What is clear is that consumers and businesses have become much more cautious about the future. This caution, in turn, creates an environment of delayed consumption and investment, which only serves to further reduce economic activity. We expect declining output in the third and fourth quarter of this year. Assuming no further terrorist acts and a favorable outcome in our anti-terrorist efforts, look for the national economy to begin its recovery in the first half of next year, with the recovery firmly in place by year's end. While the economic picture brightens in 2002, we do not expect growth of more than 1 to 1.5%, well below the long-term trend line of 2 to 2.5 %. By 2003, output growth returns above the trend line, with all sectors in an expansionary mode, including business investment. The relatively shallow recession reflects the aggressive action of the Fed in pushing the federal funds rate to a 40 year low of 2.5%. This, coupled with the anticipated growth spawned by fiscal policy, which likely will include both tax reductions and expenditure increases, will get the economy back on track. Over the near-term, inflation is not a concern; however, the risks of inflationary pressure are a distinct possibility as the expansion takes hold. Expect the Fed to tighten the money supply in 2002.

In the near-term, the terrorist attacks did much to increase uncertainty, disrupt the movement of goods and passengers, and divert resources from the production of goods to increased security. As one pundit put it, we've moved from a just-in-time economy to a just-in-case economy. At one level, the economic downturn allows those in the goods movement industry an opportunity to assess risks and develop strategies to improve security. Nonetheless, significant delays in the movement of goods and passengers will occur. Tourism and travel have been especially hard hit. DRI-WEFA estimates that U.S. travel spending will be reduced by \$76.7 billion through 2002. While the near-term outlook for tourism looks bleak, travelers are resilient and the outlook should improve by mid-year.

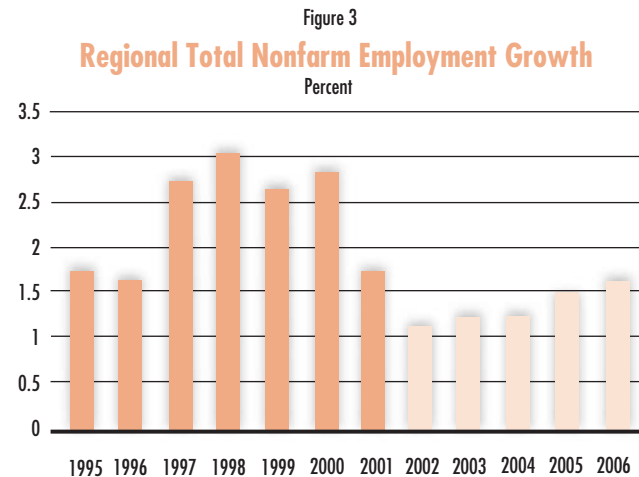
The U.S. recession, even a recession of relatively short duration, will adversely affect the growth prospects of the world economy. The combination of slower worldwide growth and a relatively high valued dollar will dampen U.S. export growth. Similarly, a slowing in U.S. consumption growth will further reduce import growth, exacerbating the economies of our trading partners. The only strong positive sector in the national economy in the coming months will be government expenditures, most notably federal expenditures. Gone are the debates over the social security lock box, the growth of government, and the size of the deficit/surplus. In their place, we have a variety of defense and non-defense expenditure programs to stimulate the economy.

While the near-term outlook is bleak and fraught with uncertainty, we remain optimistic about the long-term growth prospects of our nation.

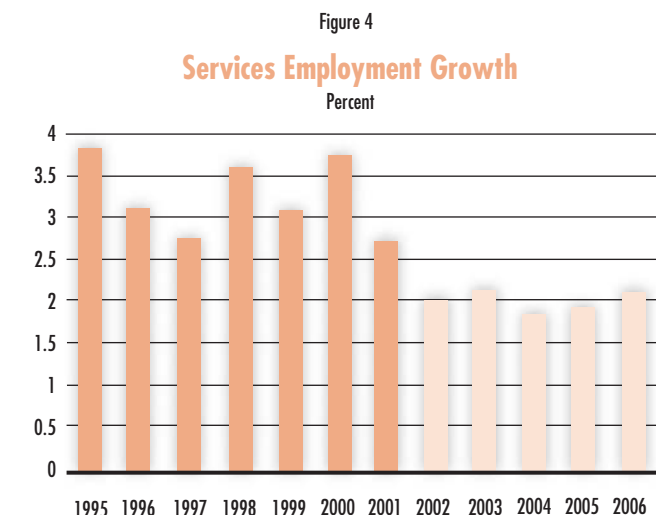
The Regional Economy

The Southern California region is not immune to downswings in the U.S. economy. Recall that the 1990 recession was a relatively short recession for the nation, yet it was the most severe recession faced by this region in the post World War II period. By the same token, regional and national economic performance need not go hand in hand. Prior to the terrorist attack, the thinking was that this time the region was better positioned to withstand a national recession since our employment base was more diversified than in 1990. After all, the declining sector that was slowing national growth was business investment, especially information technology equipment and software, which is more heavily concentrated in the northern part of the state. While the storyline that we will fare better than other regional economies is

correct, there will be a marked slowing in regional employment growth (See Figure 3). The region's job growth, which had been running at nearly 3% over the last four years, will slow to just above 1% over the next two years. At the same time, the nation's employment growth will be negative. From that perspective the region does fare better, but the recession still causes a slowing in the rate of job formation.



Services employment, which has been the mainstay of employment growth in the region throughout the expansion, will continue to grow at about 2% over the forecast horizon. Again, to put this in perspective, services employment was growing well above the 3% range for the last several years. Part of the slowing in 2002 is related to travel and tourism, which are important industries for the Southern California region, particularly for the coastal counties. In terms of employment, these industries span a number of SIC categories, but the most important impacts are likely to occur in the services sector (hotel & lodging, amusement & recreation) and retail sector (eating & drinking establishments).



In 2000, Los Angeles County received 24.7 million overnight visitors whose total expenditures exceeded \$13 billion. International visitors are especially important to L.A. County's tourism industry. While international visitors make up 22 percent of the county's visitors, they account for almost a third of total visitor spending in the county. Orange County also receives significant revenues from tourism. In 1999, the county hosted 17.7 million overnight visitors, with 5.5 million of these visitors originating from foreign countries.

The region's tourism industry will be negatively affected in the near term by the terrorist attack that occurred on September 11. Preliminary data indicate sharp declines in hotel occupancy rates for both counties. During the week of September 22, occupancy rates stood at only 53% for Los Angeles and 42% for Anaheim. This marks a decline of 36% relative to the same period in the prior year for Los Angeles and a decline of 46% for Anaheim. Barring further major terrorist incidents, the tourism industry should recover somewhat in the near term; however, we think that a full recovery will take six months to a year, so that the effects of the incident will carry through most of 2002.

Regional retail employment, which had been growing at 2.5%, will fall flat, posting little or no growth until the latter part of 2002.

Part of the fall off is due to the decline in the tourism industry.

Additionally, retailers will be hit hard by the recession.

Regional personal income, which had been growing at a

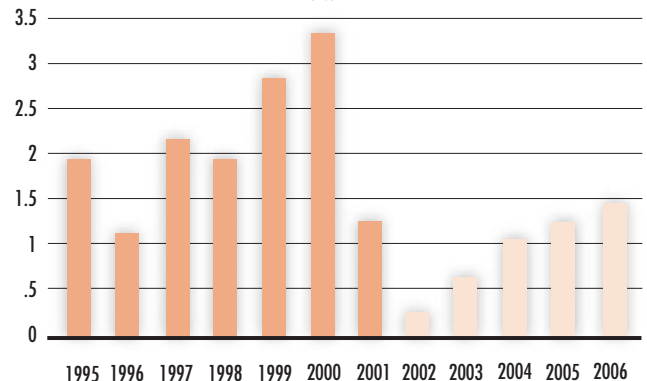
very strong pace, slowed considerably this year. The declining

values in the stock market, much slower regional

job formation, and a nation in recession strongly suggest that this will be a weak Christmas season for retailers. Taxable sales, which had been hovering at near double-digit levels of growth for the past two years, will drop to just 3.4% growth in 2001. Taxable sales should improve in 2002 and 2003, however, to 4.4% and 5.2% respectively.

Slower growth in retail sales will move down the supply chain, affecting wholesale trade and transportation employment. Regional wholesale trade is closely tied to the activities of the twin ports of the San Pedro Bay. The reduction in sales growth will slow the activities of the ports, negatively affecting the transportation component of the Transportation, Communications and Utility sector. Nevertheless, the aggregate TCU job total will increase at about 2% next year, down from levels of around 4% not too long ago. Much of that earlier gain was associated with the build-up in communications infrastructure. Having already made those investments suggests that even in a different economic environment, smaller incremental increases in base employment would be needed.

Figure 5
Retail Employment Growth
Percent

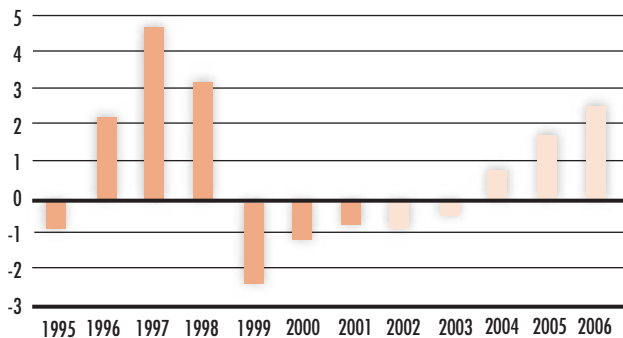


As shown in Figure 6, durable goods manufacturing continues to show job losses, with no turnaround until 2004. While commercial aircraft production is not the engine of employment it once was for the region, the region still has a large number of aerospace firms that will be hit hard by the slowdown in the travel industry and the related problems of airline carriers. The good news for the region is that federal expenditures on defense and security related investments are likely to increase. The region is well positioned to compete for these federal contracts and, for this reason, we expect improvement in the durable goods manufacturing picture by 2004.

Figure 6

Employment Growth in Durable Goods Manufacturing

Percent



Regional growth in nondurable manufacturing employment turned negative in the second quarter of 2001, and we will continue to lose jobs until the latter part of 2003. Performance in this sector is closely related to weaker demand for consumption goods, both in and outside the region. The apparel sector will continue to experience employment losses until the retail sector recovers.

Throughout the recent regional expansion, one of the strongest sectors of job formation has been local government employment. Much of that employment growth has been in local school districts, although municipalities have also added to their staff in recent years; both will slow. The deteriorating state budget picture will adversely impact local school districts. California income tax revenues swelled with capital gains generated in a rising stock market. With the market in retreat, state revenues have been hard hit. The fall off in revenues and a disastrous attempt by Governor Davis to insulate consumers from rising energy prices have combined to jeopardize many state-funded programs.

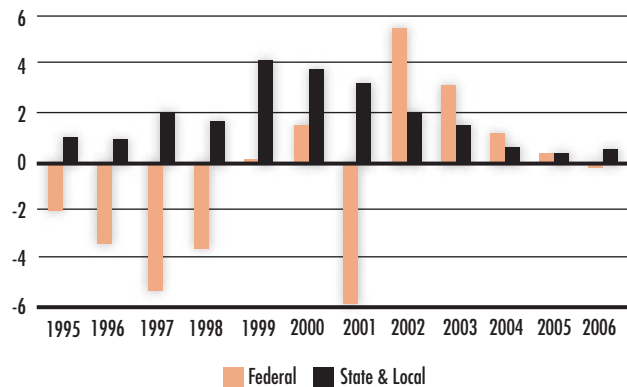
Municipalities, on the other hand, will be adversely impacted primarily by declining rates of growth in taxable sales. As mentioned earlier, part of the weakness in taxable sales can be attributed to the decline in the region's tourism industry. Cities where tourism is an important part of their economic base are hit twice: once with declining transient occupancy tax receipts and again with lower taxable sales receipts. As Figure 7 indicates, the lone bright spot in the government sector is federal government employment, which had been contracting in the region. With the expansion of federal expenditures, federal employment in the region will rise.

Housing prices continue to increase, although we expect a slowing in appreciation given the softening in regional employment growth. Housing affordability, which continues to be a concern, should improve as interest rates drop. In addition, recent reductions in mortgage rates have generated another wave of refinancing. Employment growth in the Finance, Insurance and Real Estate sector should improve over the next several quarters because of these trends. Construction employment in the region, which had been growing at double-digit rates, will slow until the national expansion is back on track. By the latter part of 2003, the region's employment growth and growth in regional income should fuel gains in construction employment. (See Figure 8.)

Figure 7

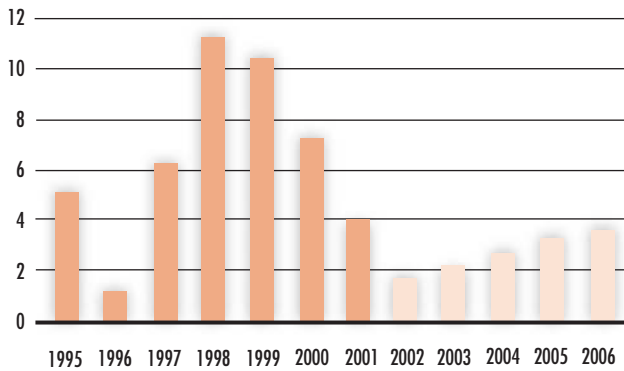
Government Employment Growth

Percent



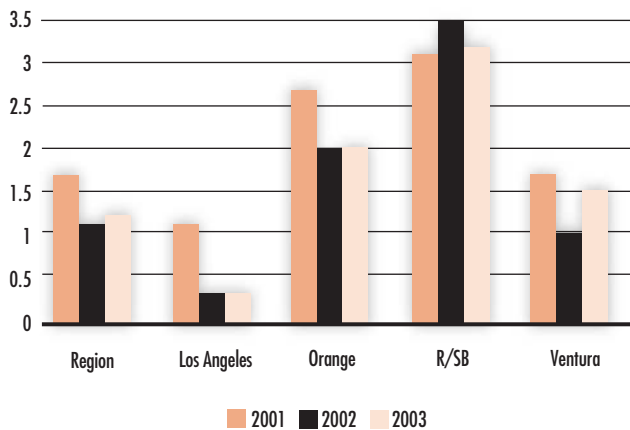
The distribution of employment growth across counties is shown in Figure 9. The pattern of growth throughout the recent expansion has been for the outlying counties to post the higher growth rates while Los Angeles trails in performance. With Los Angeles County containing about two-thirds of all regional jobs, part of the explanation has to do with the large base employment in Los Angeles. Small percentage changes in Los Angeles County's employment have often times generated more new jobs than the outlying counties combined.

Figure 8
Construction Employment Growth
Percent



Nonetheless, it appears that Orange County and the counties of Riverside and San Bernardino will continue to post reasonably healthy rates of employment growth. While these increases are far off their spectacular performance in earlier years, they are impressive, especially during a national recession. Los Angeles County continues to suffer significant drag on its employment growth because of the losses in its manufacturing sector. Over the next two years, Los Angeles County's employment growth will fall below 0.5%. It is the meager growth in Los Angeles County that significantly lowers the performance of the region.

Figure 9
County Employment Growth Rates
Percent



Summary

While the near-term prospects facing the Southern California regional economy are not as bright as they were a year ago, the reality is that this region will fare much better than many other regions in the nation during this recession. The tourism industry will be especially hard hit in the near-term. However, we do believe that tourists, both domestic and international travelers, are resilient, and we expect this sector to bounce back relatively quickly. The difficult adjustments that were made in the region during the earlier 1990s did generate a more diversified economy. For this reason, the region will fare much better during this recession than the last. Yet, we are not immune to economic slowdowns since individuals and firms outside the region, whether in domestic or international markets, consume many of the goods and services which our region produces.

0101010101
11110101000100

Imperial County

The economy of Imperial County, unlike the other counties within the Southern California region, has a much stronger and more important agriculture component. The climate in the Imperial Valley, with its mild winters and hot summers, is an ideal environment for year-round farming. In addition to its own population base, Imperial County is able to augment its workforce by its proximity to Mexicali, Mexico. Approximately 20,000 day-workers are able to cross the border and legally work in the United States.

Agricultural Output and Employment

Although Imperial County has a population of 142,360, representing less than one half of one percent of the total population of the State of California, Imperial County's agricultural employment accounts for almost 4 percent of the state's agricultural employment. In fiscal 1999, Imperial County's farmers and ranchers produced \$1.05 billion of agricultural goods, ranking Imperial County within the top ten agricultural counties in California. Vegetables, field crops, cattle and livestock products are important components of Imperial County's output, collectively accounting for over 80 percent of the county's agricultural production.

Nonfarm Employment

The composition of Imperial County's nonfarm employment is quite different than that of the region. In 2000, employment in agriculture and state and local government combined accounted for over 50 percent of the county's employment versus 13.5% in the rest of the SCAG region.

Approximately 27 percent of Imperial County's employment is in the state and local government sector. The relatively large number of prisons and prison employees in the county accounts for the dominance of this sector. As a consequence, when we track and forecast Imperial County's employment we focus on three main components: agriculture, state and local government, and all other sectors.

The Outlook for Imperial County in 2002-2003

Exports are a key factor in the outlook for agriculture in the Imperial Valley. In 2000, California's agricultural exports increased by 9.1 percent. However, with overseas markets currently weakening, slower export growth is likely to reduce agricultural employment this year by about 5 percent. Employment in this sector is volatile. We expect agricultural job growth to recover in 2002 but show little improvement thereafter. Quite a different story exists for state and local government employment, which will see annual gains of around 3.5% over the next few years.

Our forecast is for employment growth in the remaining sectors to closely follow trends within the region. Overall, we expect to see total employment growth of 2.0 percent this year, followed by growth of 7.6 percent in 2002. The steep uptick in employment growth reflects a recovery in agricultural employment. From 2003 onward, we expect nonfarm employment to grow between 2.2 and 2.6% annually.

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales (\$ Thousands)
EMPLOYMENT AND TAXABLE SALES						
1996	13,817	12,109	22,025	34,133	47,950	1,012,588
1997	13,867	12,450	22,484	34,934	48,800	1,051,327
1998	14,275	12,758	22,650	35,409	49,684	1,105,405
1999	14,350	13,092	23,508	36,600	50,950	1,293,324
2000	11,292	13,650	24,858	38,508	49,800	1,403,530
2001e	10,768	13,981	26,065	40,046	50,813	1,439,725
2002f	13,238	14,464	26,972	41,436	54,674	1,575,042
2003f	13,247	15,003	27,500	42,503	55,749	1,682,373
2004f	12,697	15,528	28,026	43,554	56,251	1,772,336
2005f	13,267	16,061	28,452	44,513	57,780	1,879,320
YEAR-TO-YEAR % CHANGE						
1996	-4.6	0.8	0.2	0.4	-1.1	2.3
1997	0.4	2.8	2.1	2.3	1.8	3.8
1998	2.9	2.5	0.7	1.4	1.8	5.1
1999	0.5	2.6	3.8	3.4	2.5	17.0
2000	-21.3	4.3	5.7	5.2	-2.3	8.5
2001e	-4.6	2.4	4.9	4.0	2.0	2.6
2002f	22.9	3.5	3.5	3.5	7.6	9.4
2003f	0.1	3.7	2.0	2.6	2.0	6.8
2004f	-4.2	3.5	1.9	2.5	0.9	5.3
2005f	4.5	3.4	1.5	2.2	2.7	6.0

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
LEVELS					
Mining	9,550	9,150	8,017	6,992	6,525
Construction	216,700	230,784	257,376	284,834	306,142
Durable Manufacturing	579,724	607,600	627,417	612,992	606,209
Nondurable Manufacturing	406,117	413,733	413,384	414,359	419,534
Transportation, Commun. & Utilities	298,367	308,417	327,809	343,892	357,383
Wholesale Trade	396,550	411,659	422,867	430,184	437,534
Retail Trade	1,011,950	1,033,892	1,054,400	1,084,917	1,121,642
Finance, Insurance, & Real Estate	345,475	355,433	373,050	382,675	383,533
Services	1,876,334	1,928,425	1,998,033	2,059,917	2,137,483
Federal Government	104,400	99,008	95,600	95,809	97,359
State & Local Government	769,025	784,934	799,425	834,033	867,508
Total Nonfarm Employment	6,014,191	6,183,034	6,377,376	6,550,601	6,740,851
YEAR-TO-YEAR % CHANGE					
Mining	-3.0	-4.2	-12.4	-12.8	-6.7
Construction	1.4	6.5	11.5	10.7	7.5
Durable Manufacturing	2.3	4.8	3.3	-2.3	-1.1
Nondurable Manufacturing	1.2	1.9	-0.1	0.2	1.2
Transportation, Commun. & Utilities	0.8	3.4	6.3	4.9	3.9
Wholesale Trade	1.3	3.8	2.7	1.7	1.7
Retail Trade	1.2	2.2	2.0	2.9	3.4
Finance, Insurance, & Real Estate	-0.8	2.9	5.0	2.6	0.2
Services	3.2	2.8	3.6	3.1	3.8
Federal Government	-3.3	-5.2	-3.4	0.2	1.6
State & Local Government	1.0	2.1	1.8	4.3	4.0
Total Nonfarm Employment	1.7	2.8	3.1	2.7	2.9
POPULATION					
	15,782,061	15,942,651	16,148,622	16,402,326	16,701,358
Percentage change	0.6	1.0	1.3	1.6	1.8
TAXABLE SALES (IN THOUSANDS)					
	145,964,092	154,339,253	162,928,035	177,886,423	196,096,973
Percentage change	5.7	5.7	5.6	9.2	10.2
PERSONAL INCOME (IN MILLIONS)					
	377,560	397,751	425,958	449,834	504,129
Percentage change	5.8	5.1	7.1	5.6	12.1
BUILDING PERMITS (SIN.-FAM. RESID.)					
	26,294	30,880	33,424	38,458	37,701
Percentage change	11.1	17.4	8.2	15.1	-2.0

	2001e	2002f	2003f	2004f	2005f
--	-------	-------	-------	-------	-------

LEVELS IN THOUSANDS

LEVELS

Mining	6,242	5,870	5,517	5,120	4,718
Construction	318,403	324,585	331,870	341,459	353,449
Durable Manufacturing	602,144	597,575	595,269	600,307	611,308
Nondurable Manufacturing	417,139	408,157	407,140	412,996	420,288
Transportation, Commun. & Utilities	365,789	373,712	378,736	384,104	390,445
Wholesale Trade	444,701	447,359	450,078	453,310	458,050
Retail Trade	1,135,694	1,138,685	1,146,711	1,158,894	1,174,237
Finance, Insurance, & Real Estate	390,283	394,038	396,005	395,230	393,805
Services	2,197,024	2,244,044	2,293,187	2,336,440	2,384,198
Federal Government	91,671	96,761	99,865	101,127	101,613
State & Local Government	896,222	916,342	930,784	937,604	942,714
Total Nonfarm Employment	6,865,313	6,947,129	7,035,163	7,126,591	7,234,825

CSULB
Forecast for
Southern
California

YEAR-TO-YEAR % CHANGE

Mining	-4.3	-6.0	-6.0	-7.2	-7.8
Construction	4.0	1.9	2.2	2.9	3.5
Durable Manufacturing	-0.7	-0.8	-0.4	0.8	1.8
Nondurable Manufacturing	-0.6	-2.2	-0.2	1.4	1.8
Transportation, Commun. & Utilities	2.4	2.2	1.3	1.4	1.7
Wholesale Trade	1.6	0.6	0.6	0.7	1.0
Retail Trade	1.3	0.3	0.7	1.1	1.3
Finance, Insurance, & Real Estate	1.8	1.0	0.5	-0.2	-0.4
Services	2.8	2.1	2.2	1.9	2.0
Federal Government	-5.8	5.6	3.2	1.3	0.5
State & Local Government	3.3	2.2	1.6	0.7	0.5
Total Nonfarm Employment	1.8	1.2	1.3	1.3	1.5

POPULATION

	17,010,717	17,284,361	17,563,991	17,837,099	18,105,133
Percentage change	1.9	1.6	1.6	1.6	1.5

TAXABLE SALES (IN THOUSANDS)

	203,442,962	212,387,284	223,408,730	234,689,328	246,604,189
Percentage change	3.4	4.4	5.2	5.0	5.1

PERSONAL INCOME (IN MILLIONS)

	519,081	547,935	585,905	625,244	665,422
Percentage change	3.0	5.6	6.9	6.7	6.4

BUILDING PERMITS (SIN.-FAM. RESID.)

	40,934	39,396	38,162	37,064	36,508
Percentage change	8.8	-3.8	-3.1	-2.9	-1.5

*Anil K. Puri,
Ph.D.*

*Dean, College of
Business and
Economics and
Co-Director,
Institute for
Economic and
Environmental
Studies,
California State
University,
Fullerton*

The Post-Attack Economy and Prospects for Its Recovery

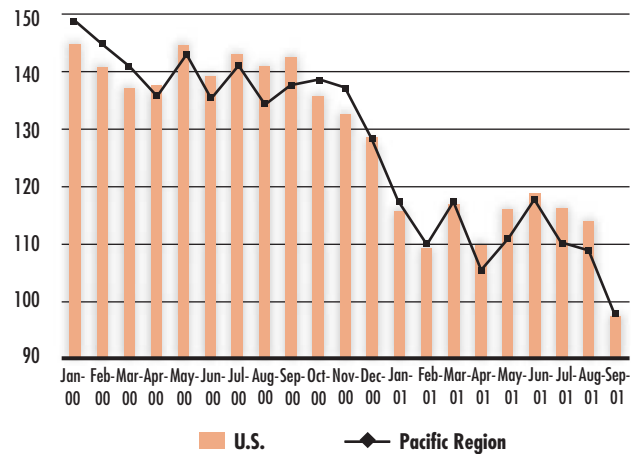
The September 11th attacks have put asunder the traditional economic analysis for forecasting. While oil price shocks have been analyzed in the past, standard econometric models are ill equipped to analyze impacts of large, unanticipated events whose effects are long lasting and difficult to quantify. Given the U.S. military retaliation and the exceptional degree of uncertainty about the course of political and economic policies at this time (early October), it is possible that future events will dramatically alter the predicted scenario. But such is the life of a forecaster. We provide below our economic analysis of the attacks as well as our assumptions and forecasts.

The terrorist attacks of September 11th will leave much deeper social and political scars than the economic costs they have, and will, impose on the country. The direct and immediate impacts of the attacks are those related to property damage, work disruption and, of course, the loss of human life. Over the longer term, there will be additional economic effects resulting from the re-building of properties and infrastructure, adding to security measures, and expenditures on defense and counter-terrorism measures. While it is difficult to quantify these with any degree of accuracy, the expenditures will not enhance productivity or the economic well being of the nation.

The Near Term Economic Scenario

Before September 11th the majority view was that the U.S. economy was close to bottoming out by the end of the year. Inventories had declined but the hope for a fourth quarter recovery was primarily based on maintaining consumer spending. The attacks have changed all that. The shock of the attacks, announcements of large job cuts by major corporations, and sharp declines in stock prices have seriously shaken consumer confidence in recent weeks. The likelihood of U.S. retaliation and subsequent conflict and possible further terrorist attacks in the U.S. weigh heavily on consumers' minds.

Figure 1
Consumer Confidence



Internationally, the U.S. economic slowdown has also been surprisingly contagious. Even before the attacks economies across the globe were feeling the impact of the slower growth in the U.S. It is likely that we are in a synchronous global recession. Unlike the early nineteen-nineties when the developing countries continued to grow, this slowdown appears to affect most of the world, with the possible exceptions of China and India. Argentina and Mexico are particularly vulnerable and will be hard-pressed to avoid recessions.

How Will the Post-Attack Economy Be Different?

Americans must learn to live with the possibility of terrorist violence from here on. This loss of innocence has implications beyond its psychological consequences. It introduces a new systemic risk into society. Dealing with it will lead to important changes in economic activities that we have previously taken for granted.

The September attacks also signify the end of the peace dividend from the end of the Cold War that had contributed to the remarkable growth of the civilian economy. Before the attacks there was a vigorous debate about whether to use the federal budget surpluses to add to the social security fund or to use them for current needs. That debate is now over and there is little doubt that the general fund increase will be used for current defense and other government spending.

The global reach of U.S. companies now is larger than ever before, thanks partly to increased globalization of world trade in the last decade. That means the U.S. has a higher stake in ensuring worldwide free trade than ever before. But the terrorist attacks threaten to slow down efforts to extend current agreements for trade liberalization. Postponement of these changes could affect the competitive position of American businesses, providing other countries opportunities for increased market shares.

Assumptions and Forecasts

Writing this report in early October there are considerable uncertainties with respect to a large number of significant variables. In particular, while the U.S. military action in Afghanistan and its reaction is largely unpredictable, it is of enormous consequence for the path of future economic growth.

Therefore, we are forced to make assumptions about the course of military and economic actions that at best should be viewed as possible scenarios rather than likely outcomes. We assume that the U.S. military offensive in Afghanistan will last only a few weeks and will not be extended to other countries. We are further assuming that it will foster only minor counter-reactions (acts of terrorism) in the U.S.

Stimulative fiscal and monetary policies have become essential to keep the economy afloat in this difficult time. Hopes for a recovery in the economy now are pinned on government action more than on a rebound in the high-tech sectors.

The Federal Reserve Bank lowered the federal funds rate by one-half percent to 3% in early October, its lowest level in six years. It is likely that the Fed will cut it further before the yearend. Fiscal policy, in collaboration with monetary relaxation, is being adjusted to deflect the expected negative consequences of the current environment. In addition to the \$40 billion in tax rebates given in July, the administration has approved a \$15 billion package of assistance for the airline industry and a \$40 billion aid program for New York City. There is also a growing consensus on a general-purpose tax cut and spending package of \$75-100 billion. Such a measure, if directed towards short-term (three months to two years) stimulus, will provide significant strength to the economy.

But looser monetary and fiscal policies do pose the risk of overheating the economy and causing inflation later next year. Unless military activities and further terrorism substantially worsen the situation, in our view it is better to withhold proposals for major permanent tax cuts until later this year.

We see two possible scenarios about the future course of the national economy. The pessimistic view would hold that the economy was already weakening before September 11th. The attacks and the U.S. military actions have merely pushed it over the edge. Crumbling consumer confidence, dismal prospects for corporate profits, and falling stock prices will lead to a long and deep recession lasting more than a year. This scenario is consistent with a prolonged war in Afghanistan with repercussions in the U.S. that create havoc with household and business operations.

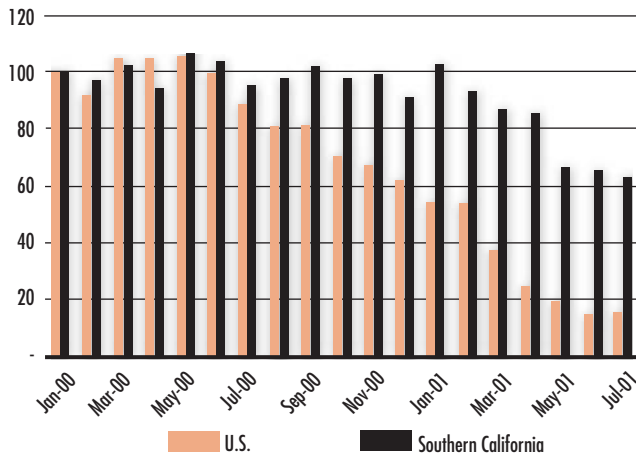
A more likely scenario, while allowing for U.S. retaliation and some negative impacts, assumes that the extraordinary size and sweep of the stimulative economic policies will cushion the economy from the worst economic consequences. Consumer confidence will be sustained, albeit at lower levels, and tax cuts and additional government spending will provide a boost to output. We believe that we currently are in a recession that will last until the first quarter of 2002. The general pick-up will occur only in the second quarter of 2002 and beyond. This scenario also expects a much healthier second half for next year, provided that the global economy begins to recover. This, in fact, is the scenario that we embrace. Specifically, we expect GDP to grow at only a 1% annual rate in 2001 and at a 1.8% rate in 2002.

Southern California Outlook and Forecasts

The Southern California region, although affected by the trends in the national economy, does not always follow it in tandem. As the studies conducted at the Institute for Economic and Environmental Studies show, the business cycle in Southern California has been following a slightly different path than the national economy has. While the national economy rapidly descended into a significant slowdown earlier this year, Southern California's economy has been in relatively healthy shape until now, thanks to the momentum built during the year 2000.



Figure 2
Payroll Growth Index
January 2000=100



The unemployment rate in the six-county region (Orange, Los Angeles, Riverside, San Bernardino, Ventura and Imperial) fell to 4.9% in 2000 from 5.4% during 1999. The region gained 192,000 new payroll jobs, equivalent to 2.9% of the total payroll employment during 2000. Over a third of this gain occurred in the services category, where 77,500 new jobs were created. The retail trade (3.4%), government (3.8%), and construction (7.7%) sectors were the other leading job gainers.

The regional economy's solid growth in the year 2000 carried over to the first eight months of 2001, albeit at a much slower pace. Through August of this year, service employment was up by almost 50,000 jobs while government jobs grew by 26,000. But the construction and retail trade sectors slowed significantly, such that their growth is a third or less of their year 2000 gains.

Southern California has been affected adversely by the terrorist attacks, as has the rest of the nation, but the impact varies across industries. The tourism sector has suffered the greatest damage as the number of out-of-state tourists has fallen dramatically. According to some estimates, hotel occupancy rates fell to under 30% in the weeks following the attacks and are still substantially below their normal levels. Tourist attractions throughout the region report sharply reduced visitor counts even among the local residents. Eating establishments and other forms of entertainment continue to operate significantly below normal rates and are not expected to recover in the near term. Since the Christmas season accounts for the largest portion of annual sales for many stores, prospects for major losses are looming for many retailers.

The government of California, already burdened with paying for the electricity crisis over the summer, is now bracing for budget cuts this year and next resulting from declines in economic activity. This will lead to slowing of the private economy as well. Given the traditional clustering of defense related industries in Southern California it may be expected that the region will see more demand for products of these firms. It will not be a repetition of the sixties and seventies boom, however. High-tech segments are more likely to gain from it than the aircraft sector. The impact is also likely to be over a longer period of time and not of help in thwarting the current slowdown.

Southern California's economy is a major exporter to the rest of the world. The current slowdown abroad is already affecting local economies. The synchronous nature of the slowdown internationally could spell further troubles. Mexico, in particular, has been greatly affected and its recovery hinges on that of the United States. Argentina and Japan are the other two countries whose economic conditions are of concern.

Given the likelihood of a sharp decline in economic activity during the remainder of the year and the early part of next year, we expect total payroll employment in Southern California to grow by only 1.3% in 2001 and by a further 1.1% in 2002. The annual unemployment rate is expected to climb to 5.0% for 2001 and will reach 5.8% in 2002.

The construction sector's slowing trend will extend through the middle of 2002. Other than the industrial space market, there are signs of slack everywhere. Housing prices are also expected to show moderation, breaking the trend that has been in place since the mid-1990s. More re-financing activity will take place given the low mortgage rates, and that could help consumer spending. Given the continuing shortage of housing, construction activity will diminish but continue to grow. Payroll employment in construction is expected to increase at a 1.7% rate in the region during 2002.

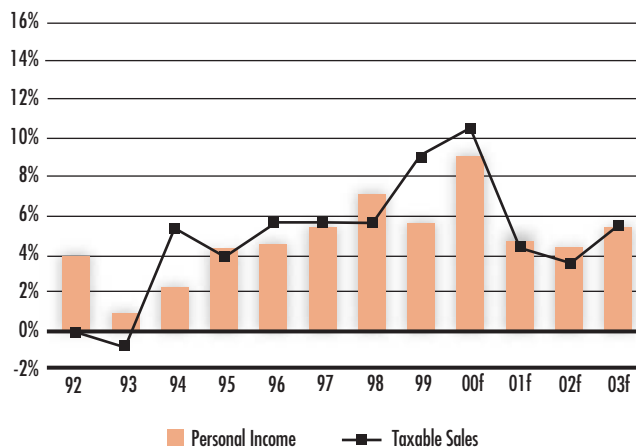
The national recession will weaken the growth of Southern California's wholesale goods sector as well as of manufacturing. The latter had begun to recover in terms of new orders before the September attacks and is still likely to show some improvement by the spring of 2002. However, given the overall trend in recent years, we see little gain in employment next year.

The tourism and entertainment sectors have come under extraordinary pressure following the September attacks. Depending on future military and terrorist activities, these two sectors will continue to suffer through most of 2002. Service employment growth overall is expected to slow to 2.1% in 2001 from a growth rate of 3.8% in 2000. Following the national scenario sketched above, we expect recovery in this sector in the second half of 2002 and forecast job growth of 1.5% for the year.

Figure 3

Southern California Region Income and Sales Growth

Percent



Retail trade is expected to show moderate improvement in 2002 after a severe shock in the fourth quarter of 2001. Taxable sales are expected to grow at a rate of 4.2% in 2001 after a sizzling 10.2% growth in 2000. Sales growth will moderate to around 4% in 2002. Nominal income growth will be in the vicinity of 4.2% in both 2001 and 2002. This pace follows very healthy growth rates of over 7% in the late nineties. Given slower employment growth, lower stock prices and moderate increases in wages, this is consistent with the long-term trend in personal income growth.

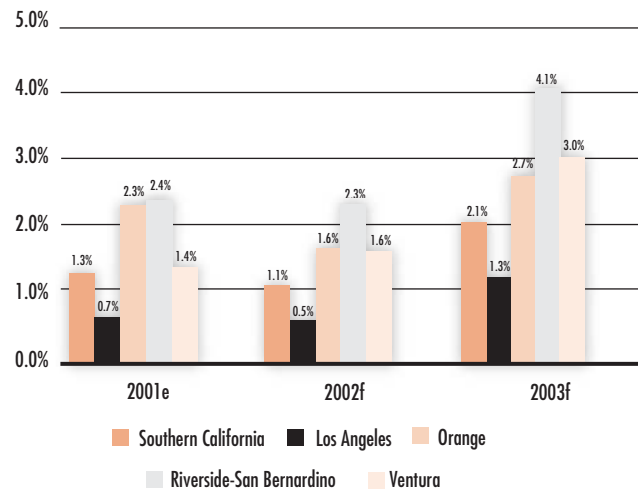
Los Angeles County's total payroll employment is expected to increase by only 0.7% in 2001 following an increase of 2% in 2000. This will diminish to approximately 0.5% in 2002 before recovering to a 1.2% – 1.3% range in the next three years. The unemployment rate in the county will rise to 5.7% in 2001 from 5.4% in 2000 before jumping to 6.3% for 2002.

Orange County's payroll job growth, following an increase of 3.4% in 2000, is expected to be 2.3% in 2001. But it will moderate even further, to 1.6%, in 2002. The county's unemployment rate is expected to rise from 2.9% in 2001 to 3.3% in 2002.

Figure 4

Payroll Employment Growth

Percent



Riverside and San Bernardino Counties will show the sharpest slowdown in payroll jobs growth: to 2.4% in 2001 from 5.6% in 2000. For 2002, this rate is expected to be 2.3%. The biggest setbacks are expected in construction, wholesale, and retail sectors. The Inland Empire's unemployment rate is expected to be 4.9% in 2001, the lowest in the last two decades, but it will go up to 6.1% in 2002 before stabilizing in the 5.7% – 5.9% range in the subsequent three years. Employment growth is forecast to accelerate to 4.1% in 2003.

Ventura County's payroll employment grew by 4% in 2000 and is expected to increase further by rates of 1.4% in 2001 and 1.6% in 2002. The unemployment rate will be 4.2% for 2001 and is expected to be 5.1% in 2002.

Imperial County, the smallest of the county economies in Southern California, is expected to show nonfarm payroll job growth rates of 3.3% in 2001 and 2.6% in 2002.

In summary, while Southern California has done better than the nation in 2000 and 2001 in terms of job growth, all the local county economies have slowed down considerably during this year. The national slowdown is expected to adversely affect the region until the second quarter of 2002. Given the possibility of a sharp upturn in the second half of 2002, the region on the whole will perform a little better on an annual basis in 2002 and will grow along its long-term growth path during our forecast horizon through 2005.

**CSUF
Economic
Forecast
for the
Southern
California
Region**

**Southern
California
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
POPULATION					
Total population	15888.3	16141.0	16373.5	16619.1	16878.8
Annual percentage change	0.8%	1.6%	1.4%	1.5%	1.6%
HOUSEHOLD EMPLOYMENT					
Labor Force	7454.5	7667.1	7915.9	8037.5	8267.1
Total Employment	6895.8	7181.7	7449.2	7619.4	7861.8
Total Unemployment	558.7	485.4	466.7	418.0	405.3
Unemployment Rate	7.5%	6.3%	5.9%	5.2%	4.9%
WAGE & SALARY EMPLOYMENT					
Mining	9.6	9.2	8.0	7.0	6.5
Construction	218.3	232.2	258.8	286.3	308.2
Manufacturing	987.5	1023.1	1042.5	1029.2	1027.6
Durable Goods	580.3	608.3	628.1	613.8	607.1
Nondurable Goods	407.2	414.8	414.4	415.4	420.5
Transportation & Public Utilities	300.4	310.5	329.8	345.8	359.3
Total Trade	1417.5	1454.7	1486.7	1524.9	1569.5
Wholesale Trade	398.2	413.4	424.6	432.1	439.6
Retail Trade	1019.3	1041.4	1062.1	1092.8	1129.9
Finance, Real Estate & Insurance	346.6	356.5	374.1	383.8	384.7
Services	1881.5	1933.8	2003.5	2065.7	2143.2
Total Government	886.9	897.9	909.4	944.6	980.3
Total Payroll Employment	6048.2	6218.0	6412.8	6587.2	6779.4
PERCENTAGE CHANGE					
Mining	-3.0%	-4.2%	-12.4%	-12.8%	-6.7%
Construction	1.4%	6.4%	11.4%	10.6%	7.7%
Manufacturing	1.8%	3.6%	1.9%	-1.3%	-0.2%
Durable Goods	2.3%	4.8%	3.3%	-2.3%	-1.1%
Nondurable Goods	1.2%	1.9%	-0.1%	0.2%	1.2%
Transportation & Public Utilities	0.8%	3.4%	6.2%	4.8%	3.9%
Total Trade	1.2%	2.6%	2.2%	2.6%	2.9%
Wholesale Trade	1.3%	3.8%	2.7%	1.8%	1.7%
Retail Trade	1.2%	2.2%	2.0%	2.9%	3.4%
Finance, Real Estate & Insurance	-0.9%	2.9%	4.9%	2.6%	0.2%
Services	3.2%	2.8%	3.6%	3.1%	3.8%
Total Government	0.5%	1.2%	1.3%	3.9%	3.8%
Total Payroll Employment	1.7%	2.8%	3.1%	2.7%	2.9%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	379,736	400,059	428,444	452,384	488,570
Annual percentage change	4.5%	5.4%	7.1%	5.6%	8.0%
Per capita income (\$)	23,900	24,785	26,167	27,221	28,946
TAXABLE SALES					
Total taxable sales	146,977	155,391	164,011	179,180	197,501
Year to year percentage change	5.7%	5.7%	5.5%	9.2%	10.2%

	2001e	2002f	2003f	5 Yr. Change (00-05)*
--	-------	-------	-------	-----------------------

LEVELS IN THOUSANDS

POPULATION

Total population	17,120.6	17,357.5	17,594.4	1,135.3
Annual percentage change	1.4%	1.4%	1.4%	1.3%

HOUSEHOLD EMPLOYMENT

Labor Force	8,391.0	8,539.8	8,637.1	661.1
Total Employment	7,967.6	8,044.3	8,181.4	599.9
Total Unemployment	423.4	495.5	455.7	61.2
Unemployment Rate	5.0%	5.8%	5.3%	

WAGE & SALARY EMPLOYMENT

Mining	6.2	5.6	5.2	-2.0
Construction	318.0	323.3	338.5	64.4
Manufacturing	1,022.3	1,018.4	1,021.2	-1.7
Durable Goods	602.9	600.1	600.5	-4.5
Nondurable Goods	419.3	418.3	420.7	2.7
Transportation & Public Utilities	365.3	370.0	376.8	31.2
Total Trade	1,581.8	1,593.3	1,620.6	103.8
Wholesale Trade	444.6	448.3	455.7	31.6
Retail Trade	1,137.2	1,145.0	1,164.9	72.2
Finance, Real Estate & Insurance	389.9	393.3	399.2	25.5
Services	2,188.1	2,221.0	2,285.7	287.0
Total Government	999.1	1,020.0	1,045.1	117.0
Total Payroll Employment	6,870.7	6,945.0	7,092.3	625.2

PERCENTAGE CHANGE

Mining	-5.0%	-9.3%	-6.7%	-7.1%
Construction	3.2%	1.7%	4.7%	3.9%
Manufacturing	-0.5%	-0.4%	0.3%	0.0%
Durable Goods	-0.7%	-0.5%	0.1%	-0.1%
Nondurable Goods	-0.3%	-0.2%	0.6%	0.1%
Transportation & Public Utilities	1.7%	1.3%	1.8%	1.7%
Total Trade	0.8%	0.7%	1.7%	1.3%
Wholesale Trade	1.1%	0.9%	1.6%	1.4%
Retail Trade	0.6%	0.7%	1.7%	1.2%
Finance, Real Estate & Insurance	1.4%	0.9%	1.5%	1.3%
Services	2.1%	1.5%	2.9%	2.5%
Total Government	1.9%	2.1%	2.5%	2.3%
Total Payroll Employment	1.3%	1.1%	2.1%	1.8%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	508,881	530,334	557,762	128,798
Annual percentage change	4.2%	4.2%	5.2%	4.8%
Per capita income (\$)	29,723	30,554	31,701	

TAXABLE SALES

Total taxable sales	205,782	213,777	226,063	57,092
Year to year percentage change	4.2%	3.9%	5.7%	5.2%

*Percentage figures in this column are annual averages.

CSUF
Forecast for
Southern
California

Regional ECONOMIC *for* Forecast Southern California 2002-2003

COUNTY FORECAST TABLES California State University, Long Beach

Los Angeles County Forecast	24
Orange County Forecast	26
San Bernardino/Riverside Forecast	28
Ventura County Forecast	30

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Los Angeles
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
LEVELS					
Mining	5,708	5,492	4,859	4,283	3,983
Construction	107,542	109,450	118,383	125,750	133,150
Durable Manufacturing	352,342	364,000	367,975	352,725	340,800
Nondurable Manufacturing	292,400	297,375	293,708	288,842	288,642
Transportation, Commun. & Utilities	204,742	211,850	225,242	234,692	243,525
Wholesale Trade	257,392	265,117	270,233	272,750	275,092
Retail Trade	583,350	593,450	601,625	615,092	633,142
Finance, Insurance, & Real Estate	217,183	220,150	228,400	231,642	231,092
Services	1,234,892	1,261,850	1,292,150	1,315,492	1,352,867
Federal Government	61,183	57,850	56,142	57,075	57,942
State & Local Government	471,809	478,467	484,825	504,567	524,233
Total Nonfarm Employment	3,788,541	3,865,050	3,943,541	4,002,908	4,084,467
YEAR-TO-YEAR % CHANGE					
Mining	-3.4	-3.8	-11.5	-11.8	-7.0
Construction	-2.1	1.8	8.2	6.2	5.9
Durable Manufacturing	0.9	3.3	1.1	-4.1	-3.4
Nondurable Manufacturing	1.1	1.7	-1.2	-1.7	-0.1
Transportation, Commun. & Utilities	1.1	3.5	6.3	4.2	3.8
Wholesale Trade	-0.6	3.0	1.9	0.9	0.9
Retail Trade	1.1	1.7	1.4	2.2	2.9
Finance, Insurance, & Real Estate	-2.2	1.4	3.7	1.4	-0.2
Services	3.2	2.2	2.4	1.8	2.8
Federal Government	-3.5	-5.4	-3.0	1.7	1.5
State & Local Government	-0.1	1.4	1.3	4.1	3.9
Total Nonfarm Employment	1.1	2.0	2.0	1.5	2.0
TAXABLE SALES (IN THOUSANDS)	82,620,919	86,397,850	90,205,600	97,316,828	106,673,534
Percentage change	4.5	4.6	4.4	7.9	9.6
BUILDING PERMITS (SIN.-FAM. RES.)	5,370	6,788	6,887	7,858	8,417
Percentage change	-0.6	26.4	1.5	14.1	7.1

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Los Angeles
County
Forecast**

	2001e	2002f	2003f	2004f	2005f
LEVELS IN THOUSANDS					
LEVELS					
Mining	3,596	3,247	2,910	2,554	2,208
Construction	137,076	138,976	141,789	145,580	150,022
Durable Manufacturing	332,558	320,747	307,976	300,433	296,763
Nondurable Manufacturing	283,699	271,064	265,507	266,854	269,680
Transportation, Commun. & Utilities	249,605	253,824	256,624	259,301	262,370
Wholesale Trade	276,294	274,841	274,037	273,348	273,320
Retail Trade	639,190	639,223	643,737	651,444	660,909
Finance, Insurance, & Real Estate	234,093	232,948	231,287	227,884	223,786
Services	1,380,468	1,404,547	1,427,831	1,447,153	1,469,650
Federal Government	55,010	58,422	60,263	60,886	61,052
State & Local Government	541,284	550,050	554,030	552,260	549,288
Total Nonfarm Employment	4,132,873	4,147,890	4,165,990	4,187,698	4,219,047
YEAR-TO-YEAR % CHANGE					
Mining	-9.7	-9.7	-10.4	-12.2	-13.6
Construction	2.9	1.4	2.0	2.7	3.1
Durable Manufacturing	-2.4	-3.6	-4.0	-2.4	-1.2
Nondurable Manufacturing	-1.7	-4.5	-2.1	0.5	1.1
Transportation, Commun. & Utilities	2.5	1.7	1.1	1.0	1.2
Wholesale Trade	0.4	-0.5	-0.3	-0.3	0.0
Retail Trade	1.0	0.0	0.7	1.2	1.5
Finance, Insurance, & Real Estate	1.3	-0.5	-0.7	-1.5	-1.8
Services	2.0	1.7	1.7	1.4	1.6
Federal Government	-5.1	6.2	3.2	1.0	0.3
State & Local Government	3.3	1.6	0.7	-0.3	-0.5
Total Nonfarm Employment	1.2	0.4	0.4	0.5	0.7
TAXABLE SALES (IN THOUSANDS)					
	109,791,198	113,648,357	118,531,278	123,514,006	128,775,594
Percentage change	2.9	3.5	4.3	4.2	4.3
BUILDING PERMITS (SIN.-FAM. RES.)					
	9,411	9,463	9,534	9,241	9,042
Percentage change	12.1	0.5	0.8	-3.1	-2.1

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Orange
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
LEVELS					
Mining	900	900	892	692	642
Construction	52,508	58,084	65,509	73,784	79,683
Durable Manufacturing	139,292	149,142	157,775	154,859	154,359
Nondurable Manufacturing	71,900	73,250	73,950	74,517	76,667
Transportation, Commun. & Utilities	42,833	44,392	46,267	48,633	51,575
Wholesale Trade	89,558	93,875	98,258	99,892	100,950
Retail Trade	209,059	215,975	224,234	231,584	238,767
Finance, Insurance, & Real Estate	86,917	92,850	100,433	104,183	105,217
Services	361,725	372,692	395,567	415,858	436,275
Federal Government	14,508	13,458	13,175	12,742	12,975
State & Local Government	115,142	119,234	123,175	128,400	133,592
Total Nonfarm Employment	1,184,341	1,233,850	1,299,234	1,345,142	1,390,700
YEAR-TO-YEAR % CHANGE					
Mining	-0.9	0.0	-0.9	-22.5	-7.2
Construction	5.5	10.6	12.8	12.6	8.0
Durable Manufacturing	3.6	7.1	5.8	-1.8	-0.3
Nondurable Manufacturing	1.3	1.9	1.0	0.8	2.9
Transportation, Commun. & Utilities	1.1	3.6	4.2	5.1	6.0
Wholesale Trade	6.0	4.8	4.7	1.7	1.1
Retail Trade	0.9	3.3	3.8	3.3	3.1
Finance, Insurance, & Real Estate	2.4	6.8	8.2	3.7	1.0
Services	3.8	3.0	6.1	5.1	4.9
Federal Government	-5.9	-7.2	-2.1	-3.3	1.8
State & Local Government	2.1	3.6	3.3	4.2	4.0
Total Nonfarm Employment	2.8	4.2	5.3	3.5	3.4
TAXABLE SALES (IN THOUSANDS)	32,533,206	34,921,357	37,108,350	40,366,090	44,462,460
Percentage change	8.6	7.3	6.3	8.8	10.1
BUILDING PERMITS (SIN.-FAM. RES.)	7,070	8,219	7,366	7,686	6,794
Percentage change	24.9	16.3	-10.4	4.3	-11.6

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Orange
County
Forecast**

	2001e	2002f	2003f	2004f	2005f
LEVELS IN THOUSANDS					
LEVELS					
Mining	801	814	825	832	838
Construction	84,432	86,495	88,585	91,281	94,767
Durable Manufacturing	156,557	162,249	170,167	178,924	188,865
Nondurable Manufacturing	77,773	78,745	80,023	81,374	82,727
Transportation, Commun. & Utilities	53,202	55,470	57,816	60,011	62,245
Wholesale Trade	103,743	105,383	106,168	107,198	108,782
Retail Trade	242,102	241,456	241,598	242,670	244,887
Finance, Insurance, & Real Estate	108,316	111,087	112,852	114,264	115,937
Services	453,395	462,677	474,319	484,904	496,660
Federal Government	12,380	12,813	13,019	13,009	12,902
State & Local Government	137,413	141,155	143,714	144,629	144,948
Total Nonfarm Employment	1,430,116	1,458,343	1,489,087	1,519,097	1,553,558
YEAR-TO-YEAR % CHANGE					
Mining	24.9	1.6	1.4	0.9	0.6
Construction	6.0	2.4	2.4	3.0	3.8
Durable Manufacturing	1.4	3.6	4.9	5.1	5.6
Nondurable Manufacturing	1.4	1.3	1.6	1.7	1.7
Transportation, Commun. & Utilities	3.2	4.3	4.2	3.8	3.7
Wholesale Trade	2.8	1.6	0.7	1.0	1.5
Retail Trade	1.4	-0.3	0.1	0.4	0.9
Finance, Insurance, & Real Estate	2.9	2.6	1.6	1.3	1.5
Services	3.9	2.0	2.5	2.2	2.4
Federal Government	-4.6	3.5	1.6	-0.1	-0.8
State & Local Government	2.9	2.7	1.8	0.6	0.2
Total Nonfarm Employment	2.8	2.0	2.1	2.0	2.3
TAXABLE SALES (IN THOUSANDS)					
	46,777,751	49,210,216	52,213,766	55,325,241	58,650,146
Percentage change	4.1	5.2	6.1	6.0	6.0
BUILDING PERMITS (SIN.-FAM. RES.)					
	6,667	6,588	6,513	6,459	6,580
Percentage change	-1.5	-1.2	-1.1	-0.8	1.9

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Riverside/
San Bernardino
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
LEVELS					
Mining	1,208	1,217	1,008	992	1,000
Construction	46,158	52,108	60,834	70,800	78,259
Durable Manufacturing	65,925	70,458	76,117	80,375	84,592
Nondurable Manufacturing	33,317	34,300	35,267	37,417	39,792
Transportation, Commun. & Utilities	41,084	42,517	45,709	49,084	50,975
Wholesale Trade	37,475	40,167	42,225	45,200	48,450
Retail Trade	172,583	177,775	180,967	188,517	198,392
Finance, Insurance, & Real Estate	29,633	29,825	30,583	31,933	31,742
Services	208,734	221,467	234,850	251,475	266,750
Federal Government	18,850	18,450	17,517	17,475	18,209
State & Local Government	148,492	153,150	157,133	165,659	173,367
Total Nonfarm Employment	803,458	841,433	882,209	938,926	991,526
YEAR-TO-YEAR % CHANGE					
Mining	13.3	0.7	-17.1	-1.6	0.8
Construction	7.1	12.9	16.7	16.4	10.5
Durable Manufacturing	6.4	6.9	8.0	5.6	5.2
Nondurable Manufacturing	2.8	3.0	2.8	6.1	6.3
Transportation, Commun. & Utilities	0.7	3.5	7.5	7.4	3.9
Wholesale Trade	4.5	7.2	5.1	7.0	7.2
Retail Trade	1.5	3.0	1.8	4.2	5.2
Finance, Insurance, & Real Estate	0.8	0.6	2.5	4.4	-0.6
Services	3.0	6.1	6.0	7.1	6.1
Federal Government	0.9	-2.1	-5.1	-0.2	4.2
State & Local Government	3.2	3.1	2.6	5.4	4.7
Total Nonfarm Employment	3.0	4.7	4.8	6.4	5.6
TAXABLE SALES (IN THOUSANDS)					
	24,265,384	25,977,387	28,143,151	31,864,323	35,864,887
Percentage change	6.4	7.1	8.3	13.2	12.6
BUILDING PERMITS (SIN.-FAM. RES.)					
	11,724	13,802	16,360	19,252	19,495
Percentage change	10.0	17.7	18.5	17.7	1.3

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Riverside/San
Bernardino
County
Forecast**

	2001e	2002f	2003f	2004f	2005f
LEVELS IN THOUSANDS					
LEVELS					
Mining	948	981	1,043	1,083	1,108
Construction	81,442	83,746	86,105	88,801	92,304
Durable Manufacturing	86,650	89,847	93,770	98,252	103,276
Nondurable Manufacturing	40,817	42,396	44,315	46,193	48,055
Transportation, Commun. & Utilities	51,660	53,182	53,186	53,879	55,111
Wholesale Trade	51,282	53,407	55,904	58,612	61,605
Retail Trade	202,231	205,986	209,206	212,205	215,285
Finance, Insurance, & Real Estate	32,012	33,225	34,208	34,773	35,154
Services	279,943	291,300	302,567	313,059	323,730
Federal Government	16,315	17,375	18,064	18,360	18,485
State & Local Government	180,003	187,484	195,330	203,047	210,777
Total Nonfarm Employment	1,023,304	1,058,931	1,093,698	1,128,264	1,164,890
YEAR-TO-YEAR % CHANGE					
Mining	-5.2	3.5	6.3	3.8	2.3
Construction	4.1	2.8	2.8	3.1	3.9
Durable Manufacturing	2.4	3.7	4.4	4.8	5.1
Nondurable Manufacturing	2.6	3.9	4.5	4.2	4.0
Transportation, Commun. & Utilities	1.3	2.9	0.0	1.3	2.3
Wholesale Trade	5.8	4.1	4.7	4.8	5.1
Retail Trade	1.9	1.9	1.6	1.4	1.5
Finance, Insurance, & Real Estate	0.9	3.8	3.0	1.7	1.1
Services	4.9	4.1	3.9	3.5	3.4
Federal Government	-10.4	6.5	4.0	1.6	0.7
State & Local Government	3.8	4.2	4.2	4.0	3.8
Total Nonfarm Employment	3.2	3.5	3.3	3.2	3.2
TAXABLE SALES (IN THOUSANDS)					
	37,317,777	39,547,875	42,102,612	44,671,591	47,352,075
Percentage change	3.9	6.0	6.5	6.1	6.0
BUILDING PERMITS (SIN.-FAM. RES.)					
	21,637	20,316	19,346	18,663	18,192
Percentage change	11.2	-6.1	-4.8	-3.5	-2.5

**CSULB
Economic
Forecast
for the
Southern
California
Counties**

**Ventura
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
LEVELS					
Mining	1,733	1,542	1,258	1,025	900
Construction	10,492	11,142	12,650	14,500	15,050
Durable Manufacturing	22,167	24,000	25,550	25,033	26,458
Nondurable Manufacturing	8,500	8,809	10,459	13,584	14,433
Transportation, Commun. & Utilities	9,708	9,658	10,592	11,483	11,309
Wholesale Trade	12,125	12,500	12,150	12,342	13,042
Retail Trade	46,958	46,692	47,575	49,725	51,342
Finance, Insurance, & Real Estate	11,742	12,608	13,634	14,917	15,483
Services	70,984	72,417	75,467	77,092	81,592
Federal Government	9,859	9,250	8,767	8,517	8,233
State & Local Government	33,583	34,083	34,292	35,408	36,317
Total Nonfarm Employment	237,850	242,700	252,392	263,625	274,159
YEAR-TO-YEAR % CHANGE					
Mining	-11.5	-11.0	-18.4	-18.5	-12.2
Construction	-4.6	6.2	13.5	14.6	3.8
Durable Manufacturing	5.2	8.3	6.5	-2.0	5.7
Nondurable Manufacturing	-0.3	3.6	18.7	29.9	6.3
Transportation, Commun. & Utilities	-5.4	-0.5	9.7	8.4	-1.5
Wholesale Trade	1.5	3.1	-2.8	1.6	5.7
Retail Trade	1.8	-0.6	1.9	4.5	3.3
Finance, Insurance, & Real Estate	-2.2	7.4	8.1	9.4	3.8
Services	-0.6	2.0	4.2	2.2	5.8
Federal Government	-5.1	-6.2	-5.2	-2.9	-3.3
State & Local Government	2.9	1.5	0.6	3.3	2.6
Total Nonfarm Employment	0.2	2.0	4.0	4.5	4.0
TAXABLE SALES (IN THOUSANDS)					
	6,544,583	7,042,659	7,470,934	8,339,182	9,096,092
Percentage change	4.8	7.6	6.1	11.6	9.1
BUILDING PERMITS (SIN.-FAM. RES.)					
	2,130	2,071	2,811	3,662	2,995
Percentage change	9.0	-2.8	35.7	30.3	-18.2

	2001e	2002f	2003f	2004f	2005f
LEVELS IN THOUSANDS					
LEVELS					
Mining	896	828	739	650	566
Construction	15,453	15,368	15,392	15,797	16,355
Durable Manufacturing	26,379	24,731	23,357	22,698	22,404
Nondurable Manufacturing	14,850	15,952	17,295	18,575	19,826
Transportation, Commun. & Utilities	11,321	11,236	11,110	10,914	10,719
Wholesale Trade	13,383	13,728	13,968	14,152	14,343
Retail Trade	52,170	52,021	52,170	52,574	53,156
Finance, Insurance, & Real Estate	15,863	16,778	17,658	18,309	18,928
Services	83,218	85,521	88,470	91,324	94,158
Federal Government	7,966	8,151	8,519	8,871	9,175
State & Local Government	37,521	37,653	37,709	37,669	37,702
Total Nonfarm Employment	279,020	281,965	286,387	291,532	297,331
YEAR-TO-YEAR % CHANGE					
Mining	-0.5	-7.6	-10.7	-12.0	-13.0
Construction	2.7	-0.6	0.2	2.6	3.5
Durable Manufacturing	-0.3	-6.2	-5.6	-2.8	-1.3
Nondurable Manufacturing	2.9	7.4	8.4	7.4	6.7
Transportation, Commun. & Utilities	0.1	-0.7	-1.1	-1.8	-1.8
Wholesale Trade	2.6	2.6	1.7	1.3	1.3
Retail Trade	1.6	-0.3	0.3	0.8	1.1
Finance, Insurance, & Real Estate	2.5	5.8	5.2	3.7	3.4
Services	2.0	2.8	3.4	3.2	3.1
Federal Government	-3.2	2.3	4.5	4.1	3.4
State & Local Government	3.3	0.4	0.1	-0.1	0.1
Total Nonfarm Employment	1.8	1.1	1.6	1.8	2.0
TAXABLE SALES (IN THOUSANDS)					
	9,556,236	9,980,837	10,561,074	11,178,489	11,826,374
Percentage change	2.8	4.4	5.8	5.8	5.8
BUILDING PERMITS (SIN.-FAM. RES.)					
	3,220	3,029	2,768	2,701	2,695
Percentage change	7.5	-5.9	-8.6	-2.4	-0.2

Regional ECONOMIC *for* Forecast Southern California 2002-2003

COUNTY FORECAST TABLES California State University, Fullerton

Los Angeles County Forecast	34
Orange County Forecast	36
San Bernardino/Riverside Forecast	38
Ventura County Forecast	40
Imperial County Forecast	42

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Los Angeles
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
POPULATION					
Total population	9,396.4	9,524.8	9,623.4	9,727.8	9,838.9
Annual percentage change	0.5%	1.4%	1.0%	1.1%	1.1%
HOUSEHOLD EMPLOYMENT					
Labor Force	4,377.1	4,491.9	4,647.6	4,662.4	4,761.4
Total Employment	4,017.4	4,184.8	4,343.3	4,389.3	4,506.1
Total Unemployment	359.7	307.2	304.3	273.0	255.2
Unemployment Rate	8.2%	6.8%	6.5%	5.9%	5.4%
WAGE & SALARY EMPLOYMENT					
Mining	5.7	5.5	4.9	4.3	4.0
Construction	107.5	109.5	118.4	125.8	133.2
Manufacturing	644.7	661.4	661.7	641.6	629.4
Durable Goods	352.3	364.0	368.0	352.7	340.8
Nondurable Goods	292.4	297.4	293.7	288.8	288.6
Transportation & Public Utilities	204.7	211.9	225.2	234.7	243.5
Total Trade	840.7	858.6	871.9	887.8	908.2
Wholesale Trade	257.4	265.1	270.2	272.8	275.1
Retail Trade	583.4	593.5	601.6	615.1	633.1
Finance, Real Estate & Insurance	217.2	220.2	228.4	231.6	231.1
Services	1,234.9	1,261.9	1,292.2	1,315.5	1,352.9
Total Government	533.0	536.3	541.0	561.6	582.2
Total Payroll Employment	3,788.5	3,865.1	3,943.5	4,002.9	4,084.5
PERCENTAGE CHANGE					
Mining	-3.4%	-3.8%	-11.5%	-11.8%	-7.0%
Construction	-2.1%	1.8%	8.2%	6.2%	5.9%
Manufacturing	1.0%	2.6%	0.0%	-3.0%	-1.9%
Durable Goods	0.9%	3.3%	1.1%	-4.1%	-3.4%
Nondurable Goods	1.1%	1.7%	-1.2%	-1.7%	-0.1%
Transportation & Public Utilities	1.1%	3.5%	6.3%	4.2%	3.8%
Total Trade	0.6%	2.1%	1.5%	1.8%	2.3%
Wholesale Trade	-0.6%	3.0%	1.9%	0.9%	0.9%
Retail Trade	1.1%	1.7%	1.4%	2.2%	2.9%
Finance, Real Estate & Insurance	-2.2%	1.4%	3.7%	1.4%	-0.2%
Services	3.2%	2.2%	2.4%	1.8%	2.8%
Total Government	-0.5%	0.6%	0.9%	3.8%	3.7%
Total Payroll Employment	1.1%	2.0%	2.0%	1.5%	2.0%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	225,144	235,075	251,637	263,815	282,809
Annual percentage change	4.3%	4.4%	4.4%	7.0%	7.2%
Per capita income (\$)	23,961	24,680	26,148	27,120	28,744
TAXABLE SALES					
Total taxable sales	82,621	86,398	90,206	97,317	106,674
Year to year percentage change	4.5%	4.6%	4.4%	7.9%	9.6%

	2001e	2002f	2003f	5 Yr. Change (00-05)*
LEVELS IN THOUSANDS				
POPULATION				
Total population	9,925.4	10,007.8	10,088.4	379.5
Annual percentage change	0.9%	0.8%	0.8%	0.8%
HOUSEHOLD EMPLOYMENT				
Labor Force	4,833.7	4,878.8	4,892.9	215.0
Total Employment	4,560.2	4,569.3	4,615.0	183.0
Total Unemployment	273.5	309.5	277.9	32.0
Unemployment Rate	5.7%	6.3%	5.7%	
WAGE & SALARY EMPLOYMENT				
Mining	3.6	3.3	3.0	-1.5
Construction	136.1	137.7	142.2	16.1
Manufacturing	618.9	609.4	604.0	-36.5
Durable Goods	333.6	327.3	322.9	-25.4
Nondurable Goods	285.2	282.1	281.1	-11.1
Transportation & Public Utilities	247.9	250.1	252.7	14.3
Total Trade	910.2	912.2	920.2	22.7
Wholesale Trade	275.8	276.4	277.5	3.2
Retail Trade	634.3	635.8	642.7	19.5
Finance, Real Estate & Insurance	233.2	233.9	235.4	6.2
Services	1,370.7	1,383.6	1,414.9	125.4
Total Government	593.4	606.0	619.3	64.2
Total Payroll Employment	4,113.9	4,136.1	4,191.7	210.9
PERCENTAGE CHANGE				
Mining	-9.2%	-9.3%	-9.1%	-9.2%
Construction	2.2%	1.2%	3.2%	2.3%
Manufacturing	-1.7%	-1.5%	-0.9%	-1.2%
Durable Goods	-2.1%	-1.9%	-1.3%	-1.5%
Nondurable Goods	-1.2%	-1.1%	-0.4%	-0.8%
Transportation & Public Utilities	1.8%	0.9%	1.1%	1.1%
Total Trade	0.2%	0.2%	0.9%	0.5%
Wholesale Trade	0.3%	0.2%	0.4%	0.2%
Retail Trade	0.2%	0.2%	1.1%	0.6%
Finance, Real Estate & Insurance	0.9%	0.3%	0.7%	0.5%
Services	1.3%	0.9%	2.3%	1.8%
Total Government	1.9%	2.1%	2.2%	2.1%
Total Payroll Employment	0.7%	0.5%	1.3%	1.0%
LEVELS IN MILLIONS				
PERSONAL INCOME				
Personal Income	294,122	306,181	321,490	69,274
Annual percentage change	4.0%	4.1%	5.0%	4.5%
Per capita income (\$)	29,633	30,594	31,867	
TAXABLE SALES				
Total taxable sales	110,568	114,602	120,039	24,783
Year to year percentage change	3.7%	3.6%	4.7%	4.3%

*Percentage figures in this column are annual averages.

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Orange
County
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
POPULATION					
Total population	2,649.8	2,705.3	2,745.0	2,787.6	2,833.2
Annual percentage change	1.3%	2.1%	1.5%	1.6%	1.6%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,340.1	1,385.0	1,435.1	1,471.7	1,512.9
Total Employment	1,285.1	1,339.9	1,393.7	1,432.7	1,474.6
Total Unemployment	55.0	45.2	41.4	39.0	38.4
Unemployment Rate	4.1%	3.3%	2.9%	2.6%	2.5%
WAGE & SALARY EMPLOYMENT					
Mining	0.9	0.9	0.9	0.7	0.6
Construction	52.5	58.1	65.5	73.8	79.7
Manufacturing	211.2	222.4	231.7	229.4	231.0
Durable Goods	139.3	149.1	157.8	154.9	154.4
Nondurable Goods	71.9	73.3	74.0	74.5	76.7
Transportation & Public Utilities	42.8	44.4	46.3	48.6	51.6
Total Trade	298.6	309.9	322.5	331.5	339.7
Wholesale Trade	89.6	93.9	98.3	99.9	101.0
Retail Trade	209.1	216.0	224.2	231.6	238.8
Finance, Real Estate & Insurance	86.9	92.9	100.4	104.2	105.2
Services	361.7	372.7	395.6	415.9	436.3
Total Government	129.7	132.7	136.4	141.1	146.6
Total Payroll Employment	1,184.3	1,233.9	1,299.2	1,345.1	1,390.7
PERCENTAGE CHANGE					
Mining	-0.9%	0.0%	-0.9%	-22.4%	-7.2%
Construction	5.5%	10.6%	12.8%	12.6%	8.0%
Manufacturing	2.8%	5.3%	4.2%	-1.0%	0.7%
Durable Goods	3.6%	7.1%	5.8%	-1.8%	-0.3%
Nondurable Goods	1.3%	1.9%	1.0%	0.8%	2.9%
Transportation & Public Utilities	1.1%	3.6%	4.2%	5.1%	6.0%
Total Trade	2.4%	3.8%	4.1%	2.8%	2.5%
Wholesale Trade	6.0%	4.8%	4.7%	1.7%	1.1%
Retail Trade	0.9%	3.3%	3.8%	3.3%	3.1%
Finance, Real Estate & Insurance	2.4%	6.8%	8.2%	3.7%	1.0%
Services	3.8%	3.0%	6.1%	5.1%	4.9%
Total Government	1.1%	2.3%	2.8%	3.5%	3.8%
Total Payroll Employment	2.8%	4.2%	5.3%	3.5%	3.4%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	75,749	81,395	87,626	93,333	102,292
Annual percentage change	5.9%	7.5%	7.7%	6.5%	9.6%
Per capita income (\$)	28,586	30,088	31,922	33,481	36,105
TAXABLE SALES					
Total taxable sales	32,533	34,921	37,086	40,366	44,462
Year to year percentage change	8.6%	7.3%	6.2%	8.8%	10.1%

	2001e	2002f	2003f	5 Yr. Change (00-05)*
LEVELS IN THOUSANDS				
POPULATION				
Total population	2,872.6	2,911.0	2,949.0	181.6
Annual percentage change	1.4%	1.3%	1.3%	1.3%
HOUSEHOLD EMPLOYMENT				
Labor Force	1,542.6	1,571.9	1,592.5	136.2
Total Employment	1,498.0	1,520.5	1,544.5	132.5
Total Unemployment	44.6	51.4	48.0	3.6
Unemployment Rate	2.9%	3.3%	3.0%	
WAGE & SALARY EMPLOYMENT				
Mining	0.8	0.7	0.7	0.0
Construction	83.6	85.8	90.6	21.6
Manufacturing	233.3	235.5	237.5	10.3
Durable Goods	155.6	156.8	157.8	5.1
Nondurable Goods	77.7	78.7	79.8	5.2
Transportation & Public Utilities	53.0	53.9	55.9	7.7
Total Trade	344.6	348.9	357.3	33.5
Wholesale Trade	102.8	104.3	107.2	12.9
Retail Trade	241.8	244.7	250.1	20.6
Finance, Real Estate & Insurance	107.9	110.1	113.5	14.8
Services	450.5	459.0	473.6	74.5
Total Government	149.5	152.1	155.8	18.8
Total Payroll Employment	1,423.1	1,446.1	1,485.0	181.1
PERCENTAGE CHANGE				
Mining	18.6%	-12.9%	2.9%	0.0%
Construction	4.9%	2.7%	5.5%	4.9%
Manufacturing	1.0%	0.9%	0.9%	0.9%
Durable Goods	0.8%	0.7%	0.7%	0.6%
Nondurable Goods	1.3%	1.3%	1.3%	1.3%
Transportation & Public Utilities	2.7%	1.8%	3.6%	2.8%
Total Trade	1.4%	1.3%	2.4%	1.9%
Wholesale Trade	1.8%	1.4%	2.8%	2.4%
Retail Trade	1.3%	1.2%	2.2%	1.7%
Finance, Real Estate & Insurance	2.5%	2.1%	3.1%	2.7%
Services	3.3%	1.9%	3.2%	3.2%
Total Government	2.0%	1.7%	2.4%	2.4%
Total Payroll Employment	2.3%	1.6%	2.7%	2.5%
LEVELS IN MILLIONS				
PERSONAL INCOME				
Personal Income	106,691	111,172	117,120	29,176
Annual percentage change	4.3%	4.2%	5.4%	5.1%
Per capita income (\$)	37,141	38,191	39,715	
TAXABLE SALES				
Total taxable sales	46,329	48,157	51,295	14,235
Year to year percentage change	4.2%	3.9%	6.5%	5.7%

*Percentage figures in this column are annual averages.

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Riverside/
San Bernardino
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
POPULATION					
Total population	2,986.0	3,041.0	3,122.8	3,208.5	3,298.3
Annual percentage change	1.2%	1.8%	2.7%	2.7%	2.8%
HOUSEHOLD EMPLOYMENT					
Labor Force	1,302.1	1,352.3	1,388.7	1,450.6	1,523.0
Total Employment	1,201.9	1,259.2	1,303.8	1,376.5	1,445.3
Total Unemployment	100.2	93.1	84.9	74.1	77.6
Unemployment Rate	7.7%	6.9%	6.1%	5.1%	5.1%
WAGE & SALARY EMPLOYMENT					
Mining	1.2	1.2	1.0	1.0	1.0
Construction	46.2	52.1	60.8	70.8	78.3
Manufacturing	99.2	104.8	111.4	117.8	124.4
Durable Goods	65.9	70.5	76.1	80.4	84.6
Nondurable Goods	33.3	34.3	35.3	37.4	39.8
Transportation & Public Utilities	41.1	42.5	45.7	49.1	51.0
Total Trade	210.1	217.9	223.2	233.7	246.8
Wholesale Trade	37.5	40.2	42.2	45.2	48.5
Retail Trade	172.6	177.8	181.0	188.5	198.4
Finance, Real Estate & Insurance	29.6	29.8	30.6	31.9	31.7
Services	208.7	221.5	234.9	251.5	266.8
Total Government	167.3	171.6	174.7	183.1	191.6
Total Payroll Employment	803.5	841.4	882.2	938.9	991.5
PERCENTAGE CHANGE					
Mining	13.3%	0.7%	-17.1%	-1.7%	0.8%
Construction	7.1%	12.9%	16.7%	16.4%	10.5%
Manufacturing	5.1%	5.6%	6.3%	5.8%	5.6%
Durable Goods	6.4%	6.9%	8.0%	5.6%	5.2%
Nondurable Goods	2.7%	3.0%	2.8%	6.1%	6.3%
Transportation & Public Utilities	0.7%	3.5%	7.5%	7.4%	3.9%
Total Trade	2.0%	3.8%	2.4%	4.7%	5.6%
Wholesale Trade	4.5%	7.2%	5.1%	7.0%	7.2%
Retail Trade	1.5%	3.0%	1.8%	4.2%	5.2%
Finance, Real Estate & Insurance	0.8%	0.6%	2.5%	4.4%	-0.6%
Services	3.0%	6.1%	6.0%	7.1%	6.1%
Total Government	2.9%	2.5%	1.8%	4.9%	4.6%
Total Payroll Employment	3.0%	4.7%	4.8%	6.4%	5.6%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	58,143	61,591	66,105	70,604	76,888
Annual percentage change	4.3%	5.9%	7.3%	6.8%	8.9%
Per capita income (\$)	19,472	20,253	21,169	22,006	23,311
TAXABLE SALES					
Total taxable sales	24,265	25,977	28,143	31,864	35,865
Year to year percentage change	6.4%	7.1%	8.3%	13.2%	12.6%

	2001e	2002f	2003f	5 Yr. Change (00-05)*
LEVELS IN THOUSANDS				
POPULATION				
Total population	3,397.8	3,497.6	3,599.3	494.6
Annual percentage change	3.0%	2.9%	2.9%	2.8%
HOUSEHOLD EMPLOYMENT				
Labor Force	1,544.8	1,601.9	1,655.7	267.3
Total Employment	1,468.4	1,503.7	1,560.8	239.6
Total Unemployment	76.4	98.2	94.8	27.7
Unemployment Rate	4.9%	6.1%	5.7%	
WAGE & SALARY EMPLOYMENT				
Mining	1.0	0.9	0.9	-0.2
Construction	80.8	81.8	86.7	21.9
Manufacturing	126.9	129.8	134.9	20.1
Durable Goods	86.2	88.2	91.5	13.6
Nondurable Goods	40.6	41.6	43.4	6.6
Transportation & Public Utilities	51.2	52.7	54.6	8.3
Total Trade	251.0	255.0	263.7	38.9
Wholesale Trade	50.5	52.0	54.9	13.4
Retail Trade	200.5	202.9	208.9	25.5
Finance, Real Estate & Insurance	31.8	31.9	32.3	1.6
Services	278.0	287.9	302.9	72.1
Total Government	195.1	199.5	206.3	27.6
Total Payroll Employment	1,015.8	1,039.5	1,082.2	190.4
PERCENTAGE CHANGE				
Mining	-4.9%	-5.7%	-2.9%	-4.2%
Construction	3.3%	1.2%	6.0%	5.1%
Manufacturing	2.0%	2.3%	3.9%	3.0%
Durable Goods	1.9%	2.3%	3.8%	3.0%
Nondurable Goods	2.2%	2.3%	4.2%	3.1%
Transportation & Public Utilities	0.5%	2.8%	3.6%	3.1%
Total Trade	1.7%	1.6%	3.4%	3.0%
Wholesale Trade	4.3%	3.0%	5.4%	5.0%
Retail Trade	1.1%	1.2%	2.9%	2.5%
Finance, Real Estate & Insurance	0.3%	0.3%	1.1%	1.0%
Services	4.2%	3.6%	5.2%	4.9%
Total Government	1.8%	2.3%	3.4%	2.7%
Total Payroll Employment	2.4%	2.3%	4.1%	3.6%
LEVELS IN MILLIONS				
PERSONAL INCOME				
Personal Income	80,425	84,204	88,836	23,211
Annual percentage change	4.6%	4.7%	5.5%	5.4%
Per capita income (\$)	23,669	24,075	24,682	
TAXABLE SALES				
Total taxable sales	37,907	39,637	42,686	14,630
Year to year percentage change	5.7%	4.6%	7.7%	7.1%

*Percentage figures in this column are annual averages.

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Ventura
County
Historical
Data**

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
POPULATION					
Total population	714.8	727.3	736.0	744.8	753.8
Annual percentage change	0.3%	1.7%	1.2%	1.2%	1.2%
HOUSEHOLD EMPLOYMENT					
Labor Force	377.8	381.5	388.3	397.4	411.4
Total Employment	350.9	356.5	366.8	378.4	392.7
Total Unemployment	27.0	25.0	21.5	19.0	18.7
Unemployment Rate	7.1%	6.5%	5.5%	4.8%	4.5%
WAGE & SALARY EMPLOYMENT					
Mining	1.7	1.5	1.3	1.0	0.9
Construction	10.5	11.1	12.7	14.5	15.1
Manufacturing	30.7	32.8	36.0	38.6	40.9
Durable Goods	22.2	24.0	25.6	25.0	26.5
Nondurable Goods	8.5	8.8	10.5	13.6	14.4
Transportation & Public Utilities	9.7	9.7	10.6	11.5	11.3
Total Trade	59.1	59.2	59.7	62.1	64.4
Wholesale Trade	12.1	12.5	12.2	12.3	13.0
Retail Trade	47.0	46.7	47.6	49.7	51.3
Finance, Real Estate & Insurance	11.7	12.6	13.6	14.9	15.5
Services	71.0	72.4	75.5	77.1	81.6
Total Government	43.4	43.3	43.1	43.9	44.6
Total Payroll Employment	237.9	242.7	252.4	263.6	274.2
PERCENTAGE CHANGE					
Mining	-4.6%	6.2%	13.5%	-18.5%	-12.2%
Construction	3.6%	7.0%	9.8%	14.6%	3.8%
Manufacturing	5.2%	8.3%	6.5%	7.2%	5.9%
Durable Goods	-0.3%	3.6%	18.7%	-2.0%	5.7%
Nondurable Goods	-5.4%	-0.5%	9.7%	29.9%	6.3%
Transportation & Public Utilities	1.8%	0.2%	0.9%	8.4%	-1.5%
Total Trade	1.5%	3.1%	-2.8%	3.9%	3.7%
Wholesale Trade	1.8%	-0.6%	1.9%	1.6%	5.7%
Retail Trade	-2.2%	7.4%	8.1%	4.5%	3.3%
Finance, Real Estate & Insurance	-0.6%	2.0%	4.2%	9.4%	3.8%
Services	0.9%	-0.2%	-0.6%	2.2%	5.8%
Total Government	0.0%	0.0%	0.0%	2.0%	1.4%
Total Payroll Employment	-11.5%	-11.1%	-18.4%	4.5%	4.0%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	18,524	19,689	20,591	22,083	23,916
Annual percentage change	3.0%	6.3%	4.6%	7.2%	8.3%
Per capita income (\$)	25,914	27,074	27,978	29,649	31,726
TAXABLE SALES					
Total taxable sales	6,545	7,043	7,471	8,339	9,096
Year to year percentage change	4.8%	7.6%	6.1%	11.6%	9.1%

	2001e	2002f	2003f	5 Yr. Change (00-05)*
LEVELS IN THOUSANDS				
POPULATION				
Total population	763.6	773.3	783.1	46.9
Annual percentage change	1.3%	1.3%	1.3%	1.2%
HOUSEHOLD EMPLOYMENT				
Labor Force	414.7	428.4	436.2	37.0
Total Employment	397.4	406.5	415.5	38.7
Total Unemployment	17.3	21.9	20.7	-1.7
Unemployment Rate	4.2%	5.1%	4.7%	
WAGE & SALARY EMPLOYMENT				
Mining	0.9	0.8	0.7	-0.3
Construction	15.3	15.5	16.3	3.0
Manufacturing	41.3	41.8	42.7	4.1
Durable Goods	26.6	26.9	27.2	2.1
Nondurable Goods	14.8	15.0	15.5	2.0
Transportation & Public Utilities	11.3	11.3	11.5	0.8
Total Trade	65.2	66.3	68.0	6.8
Wholesale Trade	13.4	13.6	14.0	1.8
Retail Trade	51.9	52.7	54.0	5.0
Finance, Real Estate & Insurance	15.8	16.2	16.7	2.6
Services	83.1	84.5	88.2	14.4
Total Government	45.3	46.1	46.9	3.9
Total Payroll Employment	278.1	282.5	291.0	35.3
PERCENTAGE CHANGE				
Mining	-3.4%	-10.1%	-9.3%	-7.9%
Construction	1.5%	1.3%	5.3%	3.7%
Manufacturing	1.0%	1.3%	2.2%	1.9%
Durable Goods	0.4%	1.3%	1.3%	1.5%
Nondurable Goods	2.2%	1.4%	3.6%	2.6%
Transportation & Public Utilities	-0.5%	0.6%	1.8%	1.3%
Total Trade	1.3%	1.7%	2.5%	2.0%
Wholesale Trade	2.4%	1.7%	2.8%	2.7%
Retail Trade	1.0%	1.7%	2.4%	1.9%
Finance, Real Estate & Insurance	1.8%	2.5%	3.4%	3.2%
Services	1.8%	1.8%	4.3%	3.3%
Total Government	1.8%	1.7%	1.7%	1.7%
Total Payroll Employment	1.4%	1.6%	3.0%	2.5%
LEVELS IN MILLIONS				
PERSONAL INCOME				
Personal Income	24,873	25,892	27,291	6,460
Annual percentage change	4.0%	4.1%	5.4%	4.9%
Per capita income (\$)	32,573	33,483	34,852	
TAXABLE SALES				
Total taxable sales	9,502	9,856	10,421	2,975
Year to year percentage change	4.5%	3.7%	5.7%	5.8%

*Percentage figures in this column are annual averages.

	1996	1997	1998	1999	2000
LEVELS IN THOUSANDS					
POPULATION					
Total population	141.2	142.7	146.4	150.4	154.5
Annual percentage change	2.8%	1.7%	2.6%	2.7%	2.8%
HOUSEHOLD EMPLOYMENT					
Labor Force	57.4	56.4	56.2	55.5	58.5
Total Employment	40.5	41.4	41.6	42.5	43.1
Total Unemployment	16.9	15.0	14.6	13.0	15.4
Unemployment Rate	29.5%	26.6%	25.9%	23.4%	26.3%
WAGE & SALARY EMPLOYMENT					
Mining	0.0	0.0	0.0	0.0	0.0
Construction	1.6	1.5	1.4	1.4	2.1
Manufacturing	1.7	1.8	1.7	1.8	1.9
Durable Goods	0.6	0.7	0.7	0.8	0.9
Nondurable Goods	1.0	1.1	1.0	1.0	1.0
Transportation & Public Utilities	2.1	2.1	2.0	1.9	1.9
Total Trade	9.0	9.2	9.4	9.8	10.4
Wholesale Trade	1.7	1.7	1.7	1.9	2.1
Retail Trade	7.3	7.5	7.7	7.9	8.3
Finance, Real Estate & Insurance	1.1	1.1	1.1	1.2	1.1
Services	5.2	5.4	5.5	5.8	5.7
Total Government	13.5	14.0	14.4	14.8	15.5
Total Payroll Employment	34.1	34.9	35.4	36.6	38.5
PERCENTAGE CHANGE					
Mining	-0.5%	-11.2%	-1.7%	0.0%	0.0%
Construction	-8.8%	7.1%	-4.7%	0.6%	44.5%
Manufacturing	-12.0%	15.1%	0.0%	8.4%	1.8%
Durable Goods	-6.7%	2.4%	-7.8%	17.9%	9.1%
Nondurable Goods	8.4%	1.2%	-6.0%	1.7%	-4.2%
Transportation & Public Utilities	-2.4%	2.4%	2.4%	-4.7%	4.0%
Total Trade	-1.5%	3.5%	1.5%	4.0%	5.9%
Wholesale Trade	-2.7%	2.2%	2.6%	7.7%	11.1%
Retail Trade	-5.7%	0.0%	-0.8%	3.2%	4.6%
Finance, Real Estate & Insurance	2.6%	4.2%	1.4%	6.1%	-1.4%
Services	1.6%	3.7%	3.0%	5.0%	-1.2%
Total Government	0.0%	0.0%	0.0%	2.9%	4.5%
Total Payroll Employment	0.0%	0.0%	0.0%	3.4%	5.2%
LEVELS IN MILLIONS					
PERSONAL INCOME					
Personal Income	2,176	2,308	2,485	2,550	2,665
Annual percentage change	-3.0%	6.1%	3.6%	3.7%	4.5%
Per capita income (\$)	15,410	16,177	16,976	16,956	17,241
TAXABLE SALES					
Total taxable sales	1,013	1,051	1,105	1,293	1,404
Year to year percentage change	3.3%	3.8%	5.1%	17.0%	8.5%

	2001e	2002f	2003f	5 Yr. Change (00-05)*
LEVELS IN THOUSANDS				
POPULATION				
Total population	161.2	167.8	174.6	32.7
Annual percentage change	4.3%	4.1%	4.0%	3.9%
HOUSEHOLD EMPLOYMENT				
Labor Force	55.2	58.8	60.0	5.6
Total Employment	43.6	44.3	45.6	6.0
Total Unemployment	11.6	14.5	14.4	-0.4
Unemployment Rate	21.1%	24.7%	24.0%	
WAGE & SALARY EMPLOYMENT				
Mining	0.0	0.0	0.0	0.0
Construction	2.2	2.5	2.8	1.7
Manufacturing	1.9	2.0	2.0	0.3
Durable Goods	0.9	1.0	1.0	0.3
Nondurable Goods	1.0	1.0	1.0	0.0
Transportation & Public Utilities	2.0	2.0	2.0	0.2
Total Trade	10.8	10.9	11.3	1.8
Wholesale Trade	2.0	2.1	2.2	0.3
Retail Trade	8.7	8.8	9.2	1.6
Finance, Real Estate & Insurance	1.2	1.3	1.3	0.3
Services	5.8	6.0	6.1	0.7
Total Government	15.8	16.3	16.8	2.5
Total Payroll Employment	39.8	40.8	42.4	7.5
PERCENTAGE CHANGE				
Mining	0.0%	0.0%	0.0%	0.0%
Construction	6.8%	10.3%	15.5%	12.9%
Manufacturing	2.5%	2.5%	4.3%	3.1%
Durable Goods	0.0%	6.7%	8.4%	5.3%
Nondurable Goods	4.8%	-1.4%	0.2%	0.9%
Transportation & Public Utilities	3.4%	-0.8%	0.5%	1.8%
Total Trade	4.1%	1.2%	3.8%	3.3%
Wholesale Trade	-1.9%	1.6%	4.6%	2.4%
Retail Trade	5.7%	1.1%	3.6%	3.5%
Finance, Real Estate & Insurance	7.7%	2.9%	3.8%	4.4%
Services	2.8%	2.0%	2.2%	2.4%
Total Government	2.2%	3.2%	3.2%	3.0%
Total Payroll Employment	3.3%	2.6%	3.9%	3.6%
LEVELS IN MILLIONS				
PERSONAL INCOME				
Personal Income	2,771	2,885	3,026	678
Annual percentage change	4.0%	4.1%	4.9%	4.6%
Per capita income (\$)	17,193	17,187	17,328	-
TAXABLE SALES				
Total taxable sales	1,475	1,526	1,623	469
Year to year percentage change	5.1%	3.4%	6.4%	5.9%

*Percentage figures in this column are annual averages.

MORE MONEY. MORE POWER. MORE POWERFUL MONEY.

When you have decades of solid financial strength behind you, there's no need to shout. With over \$60 billion in assets, we've quietly become a leader in West Coast Commercial Banking. And we're ready to put all our resources to work for you. We have the experience, the resources and the desire to help you with your business goals. Call us today — our experienced staff of consultants is ready to put our power to work for you.

San Fernando Valley/Ventura818.528.7593
San Francisco/Bay Area925.362.1800
Los Angeles/Glendale818.291.8142
South Bay310.781.6874
Bakersfield661.335.0545

Fresno559.447.7427
Visalia559.734.3445
Orange County.....949.461.9615
San Diego858.487.4773
Dealer Corporate Services714.861.7858

